104

WORKSITE ENFORCEMENT OF EMPLOYER SANCTIONS

Y 4. J 89/1: 104/8

Worksite Enforcement of Employer Sa...

HEARING

BEFORE THE

SUBCOMMITTEE ON
IMMIGRATION AND CLAIMS

OF THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

MARCH 3, 1995

Serial No. 8

OCT 17 1995

Printed for the use of the Committee on the Judiciary

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WORKSITE ENFORCEMENT OF EMPLOYER SANCTIONS

FRIDAY, MARCH 3, 1995

House of Representatives,
Subcommittee on Immigration and Claims,
Committee on the Judiciary,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:47 a.m., in room 2237, Rayburn House Office Building, Hon. Lamar Smith (chairman of the subcommittee) presiding.

Present: Representatives Lamar Smith, Elton Gallegly, Bill McCollum, Sonny Bono, Fred Heineman, Howard L. Berman, and Xavier Becerra.

Also present: Cordia A. Strom, chief counsel; Edward R. Grant, counsel; George Fishman, assistant counsel; Judy Knott, secretary; and Paul Drolet, minority counsel.

OPENING STATEMENT OF CHAIRMAN SMITH

Mr. Smith. The Subcommittee on Immigration and Claims will come to order.

Let me thank everyone here for their presence and for their interest in the crucial subject of employer sanctions, but let me also explain why some individuals are not present who would normally be joining me up here in front. We, unfortunately, have two conflicts today. The first is a conflict because the Republican caucus is meeting, and that's considered almost mandatory attendance by the Republicans, and on the other side, for some reason, there seems to be a lot of heated debate on the subject of private property rights on the House floor. That is a bill that has come through the Judiciary Committee, of which all of us on this subcommittee are members. So almost all individuals are either on the House floor or in the Republican caucus, and I think that some will be joining us shortly. I appreciate the two members who have just arrived who have obviously given up the caucus to be here as well.

As I say, the subject of today's hearing is employer sanctions. That is a crucial subject simply because employer sanctions are widely thought to be the key to effective enforcement of our current immigration policy. Most people recognize that there are two magnets that draw many individuals, legal and illegal, into this country, and they are the twin magnets of the easy availability of jobs and the easy access to Federal benefits. The Federal benefits subject portion is a subject of another hearing. Today's focus will be on that first magnet. Some think it's the larger of the two of the two magnets, and that's the easy availability of jobs in the United

States. If we are going to combat illegal immigration in this country, we are going to have to reduce the attraction of that magnet, the easy availability of jobs.

Employer sanctions have been with us since 1986, when they were a part of the Immigration Reform and Control Act. Actually, there are two components to employer sanctions. The first is, I think, known to most people, and that is that employers may not hire aliens who are unauthorized to work. The second component is that employers must verify the status of all new employees, and we'll be getting into both of those today.

Every study that I have seen has argued persuasively that employer sanctions are simply not effective, and they're not effective for three reasons. First of all, there's been a lot of confusion about the law's requirements. Second of all, there's been a proliferation of fraudulent documents, and, third, there has been a lack of resources on the part of the Federal Government when it comes to enforcement of employer sanctions.

The Commission on Immigration Reform, which is still meeting on the subject of legal immigration, issued a report last year on the subject of illegal immigration, and they pointed and focused upon a solution. The solution was to better verify the identity and the work eligibility of new employees. They suggested that we have a national registry which would allow employers to better do this. That, I think, is going to have to be a part of our long-term solution, but today we're going to get into not only the long-term solution, but the short-term solutions as well.

At last week's hearing we discovered that about one-half of the illegal aliens who were in this country are here because they are visa overstayers. They came in legally, most as a tourist, and then simply did not return to their home country when their visa expired. The problem there is that the INS in its interior enforcement, which would catch these individuals or at least deter them, has given a low priority, I believe, to interior enforcement. Also, we will hear more today about the necessity to limit and put a constraint on the use of fraudulent documents, and we look forward to discovering those subjects in greater detail.

Lastly, I'd like to say that I hope, as a result of this hearing, that we will answer two questions better than they have been answered before. The first question is whether or not the INS has been effectively enforcing employer sanctions, and the second question is whether improvements are needed in the verification system and, if so, what should those improvements be so that we can better identify individuals and better determine whether or not they really are authorized to work in this country.

Let me recognize anyone for an opening statement, if they have an opening statement. Mr. McCollum.

Mr. McCollum. I have no real opening statement this morning, Mr. Chairman, except I look forward to this review, having been around in 1986 when we passed the last real review of this issue, and I know it's not working well. So I'm really looking forward to these hearings.

Mr. Smith. I thank the gentleman from Florida.

The gentleman from Tennessee.

Mr. BRYANT of Tennessee. Thank you, Mr. Chairman. I, too, would join in and express my appreciation for this. I have an opening statement, but in the interest time I will just submit it for the record.

Mr. SMITH. OK, thank you.

[The opening statement of Mr. Bryant of Tennessee follows:]

OPENING STATEMENT OF HON. ED BRYANT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Thank you, Mr. Chairman. Mr. Chairman, I want to thank you for holding these hearings, and I want to thank our guests for taking the time to enlighten this subcommittee on what they believe can best be done to better ensure that American jobs are not knowingly and unknowingly handed out to illegal immigrants.

Given the wide range of economic opportunity we in this nation enjoy, I can certainly understand the desire of those living in less economically fortunate countries to come to the United States. And as I have said in the past, I encourage them to do so as long as it is done legally.

Once an immigrant has been given the legal right to work in the U.S., I would encourage our employers to give them every reasonable opportunity to compete for good paying jobs.

In other words, Mr. Chairman, I would hope that legal immigrants with authorization to work would be given a fair shake, and would not be discriminated against simply because they speak with an foreign accent. From what I understand, unfortunately, this is not always the case, and in some respects it would not be unfair to place the blame for this discrimination on the shoulders of the federal government.

The majority of U.S. employers make every effort to ensure that they are complying with the law by hiring only U.S. citizens and/or legal immigrants with work authorizations. Unfortunately, because we at the federal level have not given U.S. employers the right tools, namely an accurate way to identify legal workers, sometimes an illegal immigrant, using false documents, slips through the verification process, and in many cases, it is the employer who is often punished for hiring the illegal even though the illegal offered what appeared to be valid identification.

After having the wool pulled over his or her eyes a few times by an illegal immigrant masquerading as a legal citizen, you can begin to understand why an employer might tend to discriminate against those who fit the profile of an illegal immigrant.

Mr. Chairman, I am by no means condoning this type of discrimination, but I do sympathize with U.S. employers who are confronted everyday with false U.S. documents that, from what I understand, can be had for $25 in about 25 minutes on just about any downtown street corner.

Mr. Chairman, there are really only two ways to ensure that American jobs are reserved for those who are entitled to them, keep the illegals from crossing our boarders or make it impossible for them to find work in the United States. Thanks to your leadership in this Subcommittee, we have already begun to address the first method and I look forward to hearing from our distinguished panel their opinions on the second solution.

Mr. Chairman, it is imperative that we develop some foolproof means by which employers can identify those who should be allowed to work in the U.S. And I would add in conclusion that allowing illegals to work in our great nation, is not only unfair to our own citizens, but it is also unfair to those who have legally entered the United States and who have worked hard to be given the right to work in America.

I thank the Chair.

Mr. SMITH. The gentleman from North Carolina.

Mr. HEINEMAN. No, Mr. Chairman.

Mr. SMITH. OK. Let me invite the members of the first panel to come forward to the table. While they're being seated, let me say, first of all, that we are very fortunate today to have so many expert witnesses who have agreed to testify. I think there's much to learn from them, and it's nice to have the people who are either in charge of the programs or have the expert knowledge that we need.

Also, I'd like to just remind the individuals who are here today to testify that we want you to limit your remarks to 5 minutes, so

that we can proceed through three heavy panels and try to, hopefully, finish this hearing by shortly after 12 o'clock today.

So would the first panel please come forward?

Let me introduce you all. I think we're missing one person. Here he comes.

We have with us today James Puleo, who is the Executive Associate Commissioner, Programs, U.S. Immigration and Naturalization Service, who is accompanied by Brian Vaillancourt, Director of Civil Matters, Investigations Division, of the INS. We also have Maria Echaveste, Administrator of the Wage and Hour Division of the U.S. Department of Labor, accompanied by John Fraser, Deputy Administrator, Wage and Hour Division, of the U.S. Department of Labor. Also, Shirley S. Chater—is that pronunciation correct—Commissioner of the Social Security Administration, U.S. Department of Health and Human Services, and Robert Rasor, Special Agent in Charge, Secret Service, U.S. Department of the Treasury.

We welcome you, and if we may, we'll start with Mr. Puleo for his comments.

STATEMENT OF JAMES PULEO, EXECUTIVE ASSOCIATE COMMISSIONER, PROGRAMS, U.S. IMMIGRATION AND NATURALIZATION SERVICE, ACCOMPANIED BY BRIAN J. VAILLANCOURT, DIRECTOR, CIVIL MATTERS, INVESTIGATIONS DIVISION

Mr. PULEO. Thank you, Mr. Chairman, for inviting me here today to discuss issues concerning document fraud and employer sanctions.

Until Congress passed the Immigration Reform Act of 1986, it was illegal for undocumented aliens to be here in the United States, but it was not illegal for employers to hire that alien. IRCA changed the rules. It targeted employment as the single most important and pervasive incentive for illegal immigration and made employers responsible for their decisions of knowingly hiring unauthorized workers.

The administration is committed to a strong enforcement of employer sanctions and worksite standards to reduce the workplace as a magnet for illegal immigration. The President's budget for 1986 includes a $93 million initiative to expand current programs, and reverse the prior administrative inattention to enforcement of labor standards and employer sanctions. The administration also has firmly endorsed the recommendations of the Jordan Commission to conduct pilots to test various techniques for improving verification of employment authorization.

The $6.3 million enhancement received by the INS this year will fund heightened worksite enforcement in Los Angeles and New York. Resources requested for fiscal year 1996 will expand these efforts into the seven States most heavily impacted by illegal immigration. We also plan to increase significantly the investigations and prosecution of fraudulent document facilitators and manufacturers.

Employer sanction operation during the past year demonstrated that employer sanctions can work. Over a 6-week period, special agents in Phoenix conducted employer sanction surveys of nearly

13,000 former I–9's at 52 employment sites. As a result, agents determined that 1,459 aliens were unlawfully employed and made 88 arrests and seized over 1,000 counterfeit documents. More than 30 notices of intent to fine were issued as a result of this operation for knowingly hiring or continuing to employ charges.

The Los Angeles Federal Grand Jury just recently returned a 16-count indictment charging an employer with crimes related to the hiring of persons not authorized to work in the United States. This was the first indictment in California to charge an employer criminally for knowingly hiring unauthorized aliens.

Based on statutory requirements, INS established a verification system using a wide variety of documents to establish identity and eligibility to work in the United States. As part of this process, employers were instructed to accept documents presented to them that appear reasonably genuine and relate to persons presenting them. This system has been susceptible to fraud and is confusing to the employers.

To counter some of these problems, the administration is preparing to test alternative verification systems acceptable for showing identity and work eligibility. While developing these pilots, the administration is paying careful attention to privacy and discrimination issues.

In 1992, the INS began a test of the telephone verification system program which allows employers to check with automated data bases to determine the employment authorization of noncitizen workers whom they hired. The nine employers in the pilot program have enthusiastically supported this system.

In fiscal year 1995, the pilot will expand from 9 to 200 employers concentrated in Los Angeles. Funding request in the President's 1996 budget will allow further expansion to 1,000 employers.

The work that we are doing closely follows the Commission on Immigration Reform recommendation to test on a pilot basis various techniques to improving workplace verification. We are working with the Social Security Administration to develop and test a two-step process where participating employers would verify all persons hired. Under such a system, employers would query the Social Security Administration data base to verify Social Security numbers for all persons hired and the INS data base to verify employment eligibility for all noncitizens hired.

We are developing a new, tamper-resistant version of the current employment authorization document. To complement the use of the telephone verification by employers, we are examining the use of a magnetic strip on the new EAD, which will allow the employer to query our data base about the cardholder through a point-of-sale device.

Finally, the immigration legislation soon will be submitted to Congress by the President will include a provision to reduce significantly the number of acceptable work authorization documents for noncitizens and citizens. As an initial step, within the next 30 days INS will propose regulations reducing the number of documents from 29 to 16.

The INS Forensic Document Laboratory has led the way in identification in counterfeiters and vendors to identify their fingerprints that are purchased through the undercover operations and by link-

ing their fingerprints to documents which have been sold in various parts of the United States and overseas, and I would invite members of the committee who have not, or even who have, visited our Fraudulent Document Lab to please visit. I think you'll——

Mr. SMITH. Thank you, Mr. Puleo.

Mr. PULEO. This is my testimony and I'll respond to questions.

[The prepared statement of Mr. Puleo follows:]

PREPARED STATEMENT OF JAMES A. PULEO, EXECUTIVE ASSOCIATE COMMISSIONER, PROGRAMS, IMMIGRATION AND NATURALIZATION SERVICE

Thank you for inviting me here today to discuss issues concerning document fraud and employer sanctions. This continues the discussion from your previous hearing on interior enforcement.

Until Congress passed the Immigration Reform and Control Act of 1986 (IRCA), it was illegal for an undocumented alien to be in the United States, but it was not illegal for an employer to hire that alien. IRCA changed the rules. It targeted employment as the single most important and pervasive incentive for illegal immigration and made employers responsible for their decision to knowingly hire unauthorized workers. It attempted to reduce the incentive of job opportunities for potential illegal immigrants and improve the conditions for all workers. This Administration is committed to strong enforcement of employer sanctions and worksite standards to reduce the workplace as a magnet for illegal immigration.

The President's budget for fiscal year 1996 includes a $93 million initiative to expand current programs and to reverse prior Administrations' attention to enforcement of labor standards and employer sanctions. The Administration also has firmly endorsed the recommendations of the Jordan Commission to conduct pilots to test various techniques for improving verification of employment authorization and is now seeking authorization and funding to implement these pilots. These worksite initiatives will help to ensure that jobs are available only to those who are authorized to work in the United States and to reduce the magnet of illegal migration.

WORKSITE ENFORCEMENT

This year we are implementing an enhanced interior enforcement pilot which involves hiring new investigators to focus on employment site and fraud enforcement in the Los Angeles and New York districts in order to develop a more complete understanding of interior deterrence. The $6.3 million enhancement received by the Immigration and Naturalization Service (INS) this year will fund these pilots and add 24 investigative personnel in each district. In addition, we have requested resources for fiscal year 1996 to expand the pilot into each of the seven states that are most heavily impacted by illegal immigration: California, Texas, Arizona, New Jersey, New York, Florida, and Illinois. We will give high priority to compliance review of industries that have historically depended on an illegal work force. We also plan to increase significantly the investigation and prosecution of fraudulent document facilitators and manufacturers. We anticipate that the higher level of worksite visits will result in an increase in our apprehension of unauthorized aliens.

Several noteworthy employer sanctions operations during the past year demonstrate that employer sanctions can work. Over a six week period beginning in April 1994, Phoenix special agents conducted employer sanctions surveys of nearly 13,000 Form I–9's at 52 employment sites. The data collected during the surveys were checked against the INS Central Index System. As a result, agents determined that 1,459 aliens were unlawfully employed, made 88 arrests, and seized over 1,000 counterfeit documents. This operation was so successful that it was expanded to more than 200 additional companies. The last phase of this operation was just completed. We are in the process of conducting seminars to educate affected employers about I–9's and fraudulent documents. More than 30 Notices of Intent to Fine (NIF's) were issued as a result of this operation, many of which included "knowingly hire" or "continuing to employ" charges.

A Los Angeles Federal grand jury recently returned a 16-count indictment charging an employer with crimes related to the hiring of persons not authorized to work in the United States. The United States Attorney stated that this was the first indictment in the Central District of California to charge an employer criminally with knowingly hiring unauthorized aliens. Using joint witnesses, this case led other agencies to initiate several related cases concerning Medicaid fraud.

Two 1994 cases in the Southern Missouri area involving poultry processing resulted in the arrest and removal 158 foreign nationals, recovery of 35 fraudulent

documents, and presentation for prosecution of two persons who were found to have been deported before. The Service issued a Notice of Intent to Fine to each employer for violation of Section 274A of the Act totaling more than $21,000. In one of the cases, the Department of Labor, Wage and Hour Compliance Officers issued a $14,150 fine for violation of the Child Labor Laws. The Department of Labor (DOL) continues to investigate violations that were uncovered in the other case.

In January, a joint INS and DOL task force operation in Atlanta arrested 37 suspected unauthorized aliens working at the construction site of the Olympic Village dormitories. The action was brought about by a lead from the Department of Labor. Although the investigation of this case is still open, the initial investigation revealed that more than 70% of the work force was unauthorized.

Building on these successes, in FY 96 we will enhance our comprehensive and coordinated interagency efforts. The INS and DOL plan to coordinate their employer sanctions and labor standards enforcement in selected areas of high illegal immigration. The Administration's fiscal year 1996 budget request, which includes a $65 million initiative, will provide 365 new INS Investigations personnel to enhance worksite enforcement and 202 new DOL personnel to enhance labor standards enforcement.

NEW POSITION TO ENHANCE EMPLOYER SANCTIONS ENFORCEMENT

We are establishing the new position of Immigration Agent this fiscal year to concentrate on workplace compliance inspections, administrative sanctions cases, and on the processing of unauthorized aliens for deportation. Historically, we have used Special Agents to perform the full range of interior enforcement functions, which has tended to reduce the amount of time they could spend on some routine but highly important interior enforcement work. This position of Immigration Agent will more efficiently use INS resources. By dedicating these Immigration Agents to the administrative enforcement functions that do not require the use of more highly trained criminal investigators, we will free Special Agents to perform more complex casework.

Immigration Status Verification

Based on statutory requirements, INS established a verification system using a wide variety of documents to establish identity and eligibility to work in the United States. As part of this process, employers were instructed to accept documents presented to them that appear reasonably genuine and relate to the person presenting them. This system has been susceptible to fraud and is confusing to some employers.

To counter some of these problems, the Administration is preparing to test alternative verification systems on a pilot basis and reduce the number of documents acceptable for showing identity and work eligibility. While developing these pilots, the Administration is paying careful attention to privacy and discrimination issues.

TELEPHONE VERIFICATION SYSTEM PILOT

In 1992, INS began a test of the Telephone Verification System (TVS) program which allows employers to check with an automated data base to determine the employment authorization of non-citizen workers whom they have hired. The 9 employers in the pilot program enthusiastically supported its expansion and even suggested a willingness to pay for the service provided.

INS is expanding its TVS pilot program focusing on employers in industries that typically attract illegal alien workers. In FY 95, the pilot will be expanded from 9 to 200 employers. This phase of the pilot will concentrate on the Los Angeles area, which is also one of the locations receiving enhanced resources for sanctions enforcement. Funding requested in the President's 1996 budget will allow further expansion of the pilot to 1000 employers.

EMPLOYMENT AUTHORIZATION SYSTEM PILOTS

The Administration is committed to establishing an effective and nondiscriminatory means of verifying the employment eligibility of all new employees. The work that we are doing closely follows the Commission on Immigration Reform's recommendation to test, on a pilot basis, various techniques for improving workplace verification.

In addition to expanding the Telephone Verification System pilot described above, we are taking steps to improve the quality of INS data to provide more accurate and timely responses through on-line access in the TVS program and other pilots.

We are also planning to simulate methods for matching INS and Social Security Administration (SSA) data to test approaches that would be restricted, secure, accurate, and nondiscriminatory.

We are working with the Social Security Administration to develop and test a two-step process where participating employers would verify all persons hired. Under such a system, employers would query the SSA data base to verify Social Security numbers and check the citizenship/alien status coding of all persons hired. If the employee was an alien at the time he or she applied for the Social Security card, the employer would query the INS data base to verify employment eligibility.

This two-step pilot, which is currently in the design stage, will allow us to test the technical feasibility of verifying information on all newly-hired employees, rather than only noncitizen employees at whom TVS is solely targeted. It also provides a test of on-line access to the SSA data base which could be a part of a future verification system.

FRAUD-RESISTANT INS DOCUMENTS AND DOCUMENT REDUCTION

We continue to improve INS-issued documents. We are developing a new, tamper-resistant version of the current Employment Authorization Document (EAD) which will be produced on stock similar to that used by credit card producers. The card will also contain a number of security features. To complement the use of telephonic verification by employers, we are examining the use of a magnetic stripe on the new EAD, which would allow an employer to query our data base about the cardholder through a "point of sale" device.

In addition, EAD and Alien Registration Card ("green cards") production will be centralized at one or more Service Centers. Centralizing card production will lower production costs, speed service to the public, and improve employers' ability to authenticate legitimate documents.

Finally, the immigration legislation soon to be submitted to Congress by the President will include a provision to reduce significantly the number of acceptable work authorization documents for noncitizens and citizens. As an initial step, within the next 30 days INS will propose a regulation reducing the number of such documents from 29 to 16.

Enforcement Efforts Against Document Fraud

For the past several years, we have focused substantial investigative resources on the identification and criminal prosecution of fraudulent document facilitators and manufacturers. These investigations have successfully dismantled many large-scale counterfeit document manufacturer and vending organizations.

Southern California has proven to be a central clearinghouse for counterfeit documents in the United States. During fiscal years 1989–1992 in this area alone, we seized over 2.5 million counterfeit identification documents, 591 kilos plus 441.1 grams of illegal drugs, 240 weapons, and approximately $2.5 million in U.S. currency.

Some particularly successful operations illustrate our enforcement efforts against document fraud. In FY 1991, a multimillion-dollar counterfeiting ring was dismantled in Los Angeles. INS Agents executed 13 search warrants, arrested seven individuals and seized approximately 250,000 counterfeit "green cards," Social Security cards, DMV Certificates of Title, California and Mexican birth certificates, and laminating plastics worth an estimated total street value of $7.6 million.

In FY 1993, two undercover investigations again resulted in the seizure of massive amounts of counterfeit documents. One of these operations resulted in the seizure of over 88,000 documents with an estimated street value of $1.6 million. The second operation concluded with the seizure of over 32,000 documents which consisted primarily of green cards, Temporary Resident cards, and Social Security cards. In December 1994, approximately 300,000 counterfeit INS documents, Social Security cards, and foreign birth certificates were seized at a residence and business in Southern California.

FORENSIC DOCUMENT LABORATORY

The INS Forensic Document Laboratory (FDL) in McLean, Virginia, presently houses the largest U.S. reference collection of known and counterfeit international travel documents, immigration documents and vital statistics documents. This collection permits forensic comparison and identification of very high quality counterfeit documents and provides reference materials for training purposes. The FDL's Document Intelligence Section collects and analyzes information on current counterfeit travel documents and methods of alteration and disseminates this information

in the form of high-quality color photographic document intelligence alerts to more than 200 locations throughout the United States and overseas, including air and land ports of entry, INS overseas offices, and U.S. consulates. These alerts are the preeminent fraudulent document intelligence tool in the field.

The FDL has led the way in the identification of counterfeiters and vendors of fraudulent documents by using state-of-the-art technology to identify their fingerprints on documents which have been purchased through undercover operations and by linking those fingerprints to documents which have been sold in various parts of the United States and overseas. The FDL's forensic Document Link Identification System (DLIS) has made it possible to connect counterfeit document cases originating in various states to common sources and often to specific counterfeiters, thereby giving us a more accurate picture of the counterfeiting problem and identifying the origin of many of the documents sold throughout the United States.

By providing expert testimony in major counterfeiting cases, FDL experts have strengthened our cases to an unprecedented degree. This has resulted in a conviction rate of major counterfeiters of more than 97 percent once the case goes to trial. The FDL has played a major role in enforcement of employer sanctions, marriage fraud, student fraud, reentry after deportation, and the identification of criminal aliens.

SECTION 274C PENALTIES FOR DOCUMENT FRAUD

Following implementation of IRCA, widespread reports of the ready availability and use of fraudulent documents to comply with the employment verification provisions caused Congress to supplement existing criminal penalties for such activity in late 1990. Section 274C provides civil penalties for the knowing manufacture, possession, use, or acceptance of fraudulent documents to comply with requirements of the Immigration and Nationality Act. Under these provisions, we have initiated civil proceedings for document fraud against individual aliens, fraud facilitators, and employers who have used, created, accepted or provided fraudulent documents to satisfy a requirement of the Immigration and Nationality Act. In FY 94, INS enforcement personnel issued over 2,000 Section 274C Notices of Intent to Fine (NIFs). The largest civil document fraud case completed in 1994 resulted in a $970,000 NIF against an employer who falsified over 400 Employment Eligibility Verification forms (I–9's).

ENHANCED CRIMINAL PENALTIES

The Violent Crime Control and Law Enforcement Act of 1994 amended numerous portions of Title 18, United States Code, by dramatically increasing the penalties for criminal passport and visa fraud offenses. The Department of Justice's proposal to amend the current sentencing guidelines to reflect increased penalties for document fraud related offenses was published for comment by the U.S. Sentencing Commission in January.

CONCLUSION

Employer sanctions are a vital part of the Administration's initiatives to fight illegal immigration. Our enforcement efforts have achieved some notable accomplishments, and our FY 96 budget request will allow us to do more. We believe that the initiatives outlined to you this morning will strengthen the employer sanctions program. We can reduce the availability or increase the cost of using counterfeit documents, and we can make the verification process simplified and more secure, while maintaining sensitivity to civil rights and privacy issues. In taking these steps, we will demonstrate to employers who have relied on unauthorized aliens in the past, that doing so is illegal and the law will be enforced.

Thank you for this opportunity to speak with you today. I will be pleased to answer any questions.

Mr. SMITH. Thank you, Mr. Puleo.

Mr. Vaillancourt.

Mr. VAILLANCOURT. I have no——

Mr. SMITH. Oh, I'm sorry. We'll go to Ms. Echaveste.

STATEMENT OF MARIA ECHAVESTE, ADMINISTRATOR, WAGE AND HOUR DIVISION, EMPLOYMENT STANDARDS ADMINISTRATION, U.S. DEPARTMENT OF LABOR, ACCOMPANIED BY JOHN FRASER, DEPUTY ADMINISTRATOR

Ms. ECHAVESTE. Good morning.

Mr. Chairman and members of the subcommittee, thank you for the opportunity to appear today to discuss the Department of Labor's role and experience in implementing its responsibilities under the employer's sanctions provisions of the Immigration and Nationality Act.

As the chairman rightly noted, the lure of jobs is a compelling incentive for illegal immigration into the United States, and many will say it is the single most compelling. Effective border controls and sanctions against employers who hire unauthorized workers, combined with more effective labor standards enforcement, are essential components of an overall strategy to counteract this lure of U.S. jobs.

Let me start by noting that your hearing is held at a very opportune time for Wage and Hour because it allows me to alert members of the subcommittee to an action that will soon be on the House floor that could significantly impact our efforts to help curb illegal immigration. That action is the proposed rescission of funds from the Wage and Hour's fiscal year 1995 budget, funds we are using to target labor standards enforcement and administer our responsibilities under the Employer Sanctions Program in the industries precisely attractive to illegal workers. As a result of the rescission, if it is enacted, we expect to complete 15 percent fewer compliance actions in those low wage industries that hire a great number of illegal workers. I believe this is the exact opposite of what we should be doing. We should be increasing the resources to enforce labor standards.

In this regard, let me state that the Department of Labor makes an important contribution to reducing incentives for illegal immigration through its labor standards enforcement. Enforcing worker protection laws has a direct and seldom-noted policy connection to illegal immigration. Illegal immigrants are frequently subjected to subminimum wages, dangerous workplaces, long hours, and other poor working conditions because they are desperate to work and in a weak position to protect themselves. Knowingly hiring illegal immigrants both reveals and rewards an employer's willingness to break the law and undermines the working conditions and wages for authorized workers.

Vigorous enforcement of employment standards serves as a meaningful deterrent to illegal migration by denying some of the business advantage that might be gained through the employment of highly vulnerable and exploitable workers at substandard wages and working conditions. Labor standards enforcement also helps foster a level competitive field for those employers who obey labor standards laws.

Mr. Chairman, there is now a broad-based consensus, as you noted, that employer sanctions as currently implemented have not worked. The administration believes that employer sanctions are an essential part of the Nation's strategy to control illegal immigra-

tion. At the same time it recognizes that we must have a stronger enforcement to make sanctions more effective.

The Department of Labor has significant responsibility in enforcing employer sanctions, including its prohibition against sanctions-related discrimination. The Wage and Hour Division and the Office of Federal Contract Compliance Programs carry out this responsibility in conjunction with the INS, which has primary responsibility. Wage and Hour and OFCCP have responsibility to inspect employers' compliance with their employment eligibility verification and recordkeeping responsibilities. Such inspection is carried out as part of all of our normal onsite labor standards enforcement activities. Both DOL agencies report their I–9 inspection findings to the INS, and where there is apparent disparate treatment in the verification process, this also is reported to the Department of Justice Office of Special Counsel for Immigration-Related Unfair Employment Practices.

INS, it should be noted, has primary responsibility for taking action against employers where there have been instances of noncompliances, as reported by Wage and Hour and OFCCP. It should be noted that the Labor agencies do not have any responsibility to determine the immigration status, legal or not, of employees, as we enforce laws affording basic worker protections without regard to their immigration status. Our focus is entirely on compliance with employers' obligations.

The results of the Department of Labor's overall employer sanctions enforcement activities indicate lower levels of compliance than those found by INS. As indicated in the information provided with my written statement, which we have submitted for the record, between September 1987 and December 1994, our DOL agencies completed nearly 273,000 inspections assessing employers' compliance with their employment eligibility verification obligations. In those inspections we found only an aggregate 48 percent overall employer compliance rate.

I see that our time has run out, and I submit for the record the rest of my statement.

Mr. SMITH. Thank you. Without objection.

[The prepared statement of Ms. Echaveste follows:]

PREPARED STATEMENT OF MARIA ECHAVESTE, ADMINISTRATOR, WAGE AND HOUR DIVISION, EMPLOYMENT STANDARDS DIVISION, U.S. DEPARTMENT OF LABOR

Mr. Chairman and Members of the Subcommittee, Thank you for the opportunity to appear today to discuss the Department of Labor's role and experience in implementing its responsibilities under the "employer sanctions" provisions of the Immigration and Nationality Act (INA), as amended by the Immigration Reform and Control Act of 1986 (IRCA). I will also say a few words about the President's fiscal year 1996 budget proposal to enhance our effectiveness in contributing, through stepped-up targeted labor standards enforcement, to a unique, comprehensive strategy to stem illegal migration.

The lure of jobs in the U.S. remains the single most compelling incentive for illegal migration into the U.S. Effective sanctions against employers who hire unauthorized workers—combined with more effective minimum labor standards enforcement—remain essential components of an overall strategy to counteract this lure of U.S. jobs.

Let me start by noting that this hearing is being held at a very good time, because it allows me to alert members of this Subcommittee to an action that will soon be on the House floor that could significantly and adversely impact our efforts to curb illegal immigration. That action is the proposed rescission of funds for the Wage and Hour Division: funds we use to target labor standards enforcement, to administer

our responsibilities under the employer sanctions program, and to directly affect the lure of job opportunities that draw illegal migrants to this country. If this rescission is enacted, we expect that we will complete about 15 percent fewer compliance actions this year in those industries most likely to be employing illegal workers. This is just the opposite of what we should be doing: increasing the resources devoted to these efforts.

Specifically, we must clearly recognize that the Department of Labor makes an important contribution to reducing incentives for illegal immigration. Curbing illegal migration and enforcing worker protection laws have a direct and too seldom noted policy connection. Illegal immigrants are frequently subjected to subminimum wages, dangerous workplaces, long hours, and other poor working conditions because they are desperate for work and in a weak position to insist on their rights. Knowingly hiring illegal immigrants both reveals, and rewards, an employer's willingness to break the law, and undermines wages and working conditions for authorized workers.

Vigorous enforcement of employment standards serves as a meaningful deterrent to illegal migration by denying some of the business advantage that might be gained through the employment of highly vulnerable and exploitable workers at substandard wages and working conditions. Labor standards enforcement not only helps ensure fairness and minimally acceptable wage and employment conditions in the workplace, but also helps foster a level competitive playing field for employers who seek to comply with the law.

Let me now put this immediate problem into a wider context, and review for you the Department of Labor's role and experience in implementing its responsibilities under the law.

Mr. Chairman, there is now a broad-based consensus that employer sanctions as currently implemented have not worked. As a result, some suggest that sanctions be repealed, while others call for reforms to strengthen the effectiveness of employer sanctions.

The Administration believes that employer sanctions are an essential part of the Nation's strategy to control illegal immigration. At the same time, it recognizes that we have to have stronger enforcement to make sanctions more effective if they are ever to fulfill their promise of deterring illegal migrants in search of jobs in the U.S.

The most effective way to deter illegal migration is through a combination of strengthened border control and interior enforcement. In fiscal year 1996 the Administration has proposed a new $1 billion immigration initiative, which includes plans to invest $93 million in intensified interior enforcement to complement stepped-up border control efforts. These efforts to strengthen interior enforcement, which will focus labor standards enforcement and enhance the effectiveness of employer sanctions, are targeted at reducing the magnet of job opportunities for illegal migrants. Among others, they include:

Strengthening INS and Department of Labor efforts to coordinate and more effectively target employer sanctions and labor standards enforcement, including additional INS resources to enhance its worksite enforcement and DOL resources to enhance labor standards enforcement; and

Focusing these enforcement initiatives in the States and selected industries where illegal migrants concentrate.

Let me explain in more detail the Department's role and the results of our activities in enforcing employer sanctions. Hopefully, our experience will be beneficial to Congressional consideration of changes needed to strengthen our ability to deal with illegal immigration, including the application and effectiveness of employer sanctions. Then I will briefly turn to the President's proposed budget request to strengthen DOL's ability to implement its responsibilities.

Role of the Department of Labor

Mr. Chairman, IRCA encompassed a three-pronged strategy to help curtail the flow of illegal migrants by affecting the economic "pull" factor of work in the U.S. It included a "legalization" program that granted legal residency to certain categories of formerly illegal migrants, and called for increased border enforcement to help stem the flow of illegal immigrants into the U.S. At the center of the three part strategy, however, were new "employer sanctions" provisions. These provisions established—for the first time outside of agriculture—that the employment of illegal migrants would be unlawful. Under the employer sanctions provisions, virtually all employers have to verify the employment eligibility of the people they hired and would be subject to civil and criminal penalties for violations of these requirements.

IRCA also provides sanctions for employers who discriminate in certain employment activities against authorized workers on the basis of national origin or citizen-

ship status in connection with their employment eligibility verification responsibilities. These anti-discrimination sanctions were initially less severe than those for hiring of unauthorized workers. Under the Immigration Act of 1990, civil (though not criminal) penalties equal to those for knowingly employing unauthorized workers were provided for such sanctions-related discrimination.

Under IRCA the Department is involved In the enforcement of employer sanctions, including its prohibition against sanctions-related discrimination. The Department's role in implementing employer sanctions relates quite naturally to certain interrelated and fundamental concerns directly related to our mission of protecting workers. One such is that illegal migration heightens the potential for workplace exploitation of all workers in the U.S. The presence of significant numbers of unauthorized workers in the U.S. can adversely affect the wages and working conditions of U.S. workers, including immigrants legally authorized to work in the U.S., especially in firms and economic sectors where unauthorized workers concentrate, and can discourage cooperative labor-management relations. Also, as one of the primary Federal civil rights enforcement agencies, the Department seeks to prevent employment discrimination, including discrimination attendant to employer sanctions, which is no less invidious than any other type of employment discrimination.

Two agencies in the Department's Employment Standards Administration—the Wage and Hour Division (Wage and Hour) and Office of Federal Contract Compliance Programs (OFCCP)—carry out the Department's employer sanctions-related responsibilities in conjunction with their primary and much larger enforcement responsibilities for ensuring compliance with labor standards and equal employment laws and requirements. Wage and Hour administers and enforces a variety of laws which establish standards for wages and working conditions for most of the Nation's workers, including the Fair Labor Standards Act, the Family and Medical Leave Act, and the Migrant and Seasonal Agricultural Worker Protection Act. OFCCP enforces equal employment opportunity obligations of Federal contractors under E.O. 11246 and other laws relating to minorities, women, the disabled and Vietnam Era veterans. In carrying out their responsibilities, the two DOL agencies conduct nearly 65,000 labor law enforcement actions each year which are compatible with the goal of employer sanctions since compliance with basic worker protections removes incentives for employers to hire unauthorized workers and, therefore, weaken the magnet of jobs in the U.S.

At the same time, our sanctions-related role creates certain tensions with our primary mission of protecting workers, without regard to their immigration status, to maintain minimally decent workplace standards and assure a level competitive playing field for law-abiding employers. In this regard, some believe that even our limited sanctions-related enforcement role discourages highly vulnerable and often exploited illegal workers from seeking our help out of fear of eventual apprehension and deportation.

While the INS has primary responsibility for employer sanctions enforcement (including assessing civil penalties and initiating legal proceedings), Wage and Hour and OFCCP have responsibility, along with INS, to inspect employers' compliance with their employment eligibility verification and record keeping responsibilities under the employer sanctions provisions. Such inspection is carried out as part of all our normal on-site labor standards enforcement activities. Both DOL agencies report their I–9 inspection findings to the INS and, where there is apparent disparate treatment in the verification process, this is reported to the Department of Justice's Office of Special Counsel for Immigration related Unfair Employment Practices (OSC).

It should be noted, however, that the Labor Department's agencies do not have responsibility to determine the immigration status—legal or not—of employees as we enforce laws affording protections to employees without regard to their immigration status. Rather, our focus is entirely on compliance with employers' obligations. Our staff have no role in seeking to identify, apprehend and deport unauthorized workers, and such a role—even indirectly—would be entirely counterproductive to our primary mission. Nor do the DOL agencies have any current authority to impose sanctions on violating employers; this authority is reserved to INS. Our role in ensuring compliance under employer sanctions has always been and remains limited to inspecting compliance with employers' legal responsibilities.

From the outset, there has been a mechanism for the transmission of compliance information to the INS and an informal working relationship between our agency and the INS. To strengthen cooperation and coordination, to clarify our respective missions, and to better utilize the expertise of both INS and the Department, we entered into a Memorandum of Understanding (MOU) with INS in June of 1992. This MOU was intended to establish better communications between our agencies and the INS, at all levels, so that the enforcement efforts of each agency would be

mutually reinforcing. Under the MOU, we systematically share basic investigation data in areas of mutual interest. INS and Departmental investigators have been jointly trained under the MOU to recognize possible violations of laws under each other's respective jurisdiction, sharpening our mutual ability to provide meaningful leads.

From the Department's perspective, probably the most significant aspect of the MOU is that it authorizes our investigators to bring violating employers into compliance in certain circumstances, by, among other things. issuing "warning notices" when we discover evidence of employment eligibility verification violations. Employers are required to certify to the Department that they have come into compliance within a prescribed period, and those who fail to do so are brought to the attention of the INS, which can proceed to issue a Notice of Intent to Fine.

When our agencies conducted joint training with INS staff on the procedures of the MOU, a significant aspect of the training was to renew the focus on IRCA's anti discrimination provisions and the process for the referral of suspected violations to the Department of Justice/OSC. Our joint training teams sought to increase the sensitivity of all investigative staff to potentially discriminatory employment practices.

The agencies' relationships under this MOU are not without problems, in large part due to the fact that both DOL and INS enforcement staff are overburdened, but also due to the mission tension I have described. We are, however, committed to working better together to address these problems and to improve the effectiveness of our relationship in a way that is compatible with the Department's fundamental worker protection mission. These efforts are especially important as we work to develop coordinated targeting under the President's new immigration initiative.

Results of the Sanctions Efforts

Despite the efforts of the INS and the Department since sanctions became effective in 1987, the evidence indicates that employer sanctions, as currently constituted, have not fulfilled their promise in stemming the tide of illegal migration. Clearly, the flow of illegal migrants continues. In fact, INS estimates the resident unauthorized immigrant population in the U.S. to be approximately 4 million and growing at a rate of about 300,000 annually. In addition, employer sanctions have had other unintended, but not unanticipated, adverse consequences. Critical among these are sanctions-related discrimination against those legally authorized to work in the U.S.—both citizens and non-citizens—and the proliferation of criminal activities relating to widespread document fraud and counterfeiting. The President's plan addresses these problems.

Mr. Chairman, I believe the lack of effectiveness of employer sanctions to date must be placed in proper context. It is, I believe. related to a number of factors, first and foremost being IRCA's basic employer sanctions approach. Other contributing factors include the extremely limited resources which have been available over the past seven years to implement the law, and—at least to some extent—the early approach adopted in implementing the law. These factors must, I believe, be kept in mind in assessing the results of sanctions to date and evaluating the options for needed changes. Let me briefly discuss these factors before describing our employer sanctions enforcement results.

Perhaps the greatest underestimation in the pre-enactment deliberations on IRCA involved the new law's impact on the integrity of the documents on which the basic employment eligibility verification system would rely. Documents used for this purpose are relatively easy to obtain in a fraudulent manner and are prone to tampering to produce counterfeit versions. Clearly the ready availability of fraudulent and counterfeit documentation is the "weakest link" in our current system of employment eligibility verification. As I indicated, the Administration's plans include reducing the number and increasing the integrity of work authorization documents.

IRCA's new employer sanctions requirements also were cautious by design. For example, IRCA required a six-month "education period" before its provisions became effective, with an even more extended effective date (18 months) for agriculture. In addition, the INS—which had little prior experience dealing with employers except in processing petitions to admit foreign workers—took an understandably cautious approach at the outset. It initially dedicated Significant resources to employer education rather than enforcement, implemented regulations that gave employers at least three days advance notice of an intended Inspection, and adopted policies that dictated gradual but progressive enforcement in dealing with violations. As I mentioned, substantial budgetary constraints due to a rapidly growing federal deficit at the time also prevented the application of sufficient additional resources to adequately implement the new law in the short term. As noted, the Administration is

working to provide sufficient resources for the employer sanctions program, including to the DOL.

Thus, both the structure and method of implementing the new law may have in the past served to send "mixed signals" to employers and potential illegal migrants. Many employers, while generally becoming aware of their new obligations under the law, soon came to realize that the likelihood of their being investigated for compliance was very small, and the likelihood of suffering significantly as the result of violations would be smaller yet. Compared to the potential economic advantages of employing illegal migrants in many low-wage industries, such employers may well have perceived it to be worth the risk—merely a "cost of doing business."

On the other hand, significant numbers of employers overreacted to the fear of potential sanctions and established employment policies and practices that were in violation of other IRCA provisions, such as hiring only U.S. citizens or rejecting work authorization applicants who appeared to be foreign-looking or sounding. The Administration's plans to improve the employment authorization verification process, including through various pilot tests of other verification systems, have the objective of reducing sanctions-related discrimination.

The signal that IRCA's enactment sent to potential illegal migrants seems to have been less mixed, but also of relatively short duration. Initially, it appears that sending communities learned fairly quickly of a crackdown on illegal migration, and perceived that sanctions could adversely affect employment opportunities in the United States. Available—but, at best, indirect—data indicate that illegal migration diminished somewhat in the years immediately after IRCA became effective, although much of this decrease is attributable to IRCA's legalization programs. But, as potential illegal migrants soon learned that neither the likelihood of being apprehended at the border nor employment opportunities upon arriving in the United States were much changed from the status quo ante, illegal migration flows soon began to return to their pre-IRCA levels.

With this as background, let me turn to our compliance inspection results. In doing so, I will contrast our results with those of the INS and attempt to explain the differences between our findings.

From FY year 1988 through FY 1994 INS conducted almost 76,000 inspections of compliance with the employer sanctions provisions—both based on leads and referrals, and randomly selected from among all employers—and found in aggregate about 63 percent of employers to be in compliance. The INS data show higher employer compliance rates when only its random investigations are considered; the compliance rate from such investigations has steadily increased from fiscal year 1988 through fiscal year 1993, from 50 to 89 percent.

The results of the Department of Labor's overall employer sanctions enforcement activities indicate lower levels of compliance. As indicated in Attachment 1, between September 1, 1987, and December 31, 1994, our agencies have completed nearly 273,000 inspections assessing employers' compliance with their employment eligibility verification obligations. In these inspections, we found only an aggregate 40 percent overall employer compliance rate. If the 16 percent of cases where we were unable to determine employer compliance are disregarded, we found an aggregate 48 percent employer compliance rate.

Our findings clearly show compliance rates lower than those of the INS. There are, we believe, reasonable explanations for the differences. One is that our agencies, unlike INS, have historically recorded the employer's compliance status at the time our inspection is conducted, rather than at the conclusion of interaction with the employer and after educational assistance efforts to bring the employer into compliance. Another, we believe, is that Wage and Hour investigations—the large majority of DOL actions—are primarily lead driven, about three-quarters of the time based on complaints of alleged labor law violations. Thus, our "sample" of employers whose IRCA compliance status is determined—even though more than three and a half times larger than INS's—is weighted toward employers more likely to be violating employment standards. A third is that Wage and Hour has been increasingly concentrating its overall enforcement in low wage industries—such as the garment industry, retail and service establishments. and agriculture—where employers are more likely to violate employment standards, including the employer sanctions provisions. Our data do reenforce data which indicate that employers who violate, or are alleged to violate one labor standard are also more likely to violate another, including those aspects of the immigration law that impose labor-related obligations on employers and effectively constitute an "employment standard."

The above reasoning is also buttressed by comparing the compliance rates found by Wage and Hour and OFCCP. OFCCP enforces the equal employment opportunity obligations of Federal contractors. This category of employers, unlike those in the typical Wage and Hour labor standards investigation, tends to be more knowledge-

able about their labor law responsibilities, including those under IRCA's employer sanctions provisions. This is illustrated by comparing the two agencies' compliance rates for fiscal year 1994. Whereas Wage and Hour found 42 percent of inspected employers to be in compliance with their employment eligibility verification obligations, OFCCP found almost 81 percent employer compliance.

Mr. Chairman, our findings demonstrate persistent employer sanctions compliance problems, at least among employers in low-wage industries and those most likely to violate other labor standards laws. These data reenforce the conclusion that after seven and a half years employer sanctions need to be strengthened.

If our compliance findings are examined over time, however, there are small, but encouraging signs regarding compliance levels, which indicate some improvement even among employers most likely to violate the law. Starting in fiscal year 1988, our data indicate a steady but slow increase in employer compliance, from less than 44 percent in fiscal year 1988 to 64 percent in fiscal year 1994 (in cases where a compliance determination was made).

Our data also indicate encouraging, though again modest, changes in the nature of the violations uncovered in the Department's inspections. For example, when we first began our employer sanctions enforcement activity, 36 percent of our employment eligibility verification investigations resulted in a finding which revealed that the employer had entirely failed to fulfill its IRCA-imposed employment eligibility verification obligation, as opposed, for example, to carrying out the process but doing so incompletely or erroneously. In fiscal year 1994, these violations were down to 16 percent—less than half of what they were seven and a half years ago.

As noted, the Department's employer sanctions enforcement program also focuses on efforts to detect and prevent employer sanctions-related employment discrimination against both citizens and non-citizens who are legally authorized to work in the U.S. The potential for IRCA-related discrimination has been a concern of the Department from the outset. Our responsibility with respect to IRCA's anti-discrimination provision is twofold—to detect and report instances of apparent disparate treatment in the verification process to the Justice Department and also to assist in educating employers about their responsibilities. We have always earnestly attempted to discharge these responsibilities.

Shortly after IRCA's enactment, the Department began efforts to educate employers and workers about the law's requirements—specifically including its anti discrimination provision—through the development and distribution of informational materials and the provision of compliance assistance. In the course of all on-site investigations, we have routinely distributed the joint INS–OSC publication, "Immigration Reform and Control Act of 1986: Your Job and Your Rights" (issued in both English and Spanish versions) and the notice prepared by OSC entitled "What You Should Know." We worked closely with INS and OSC to develop up-to-date educational materials for distribution to the public, employers, and employees.

The Department also utilizes other resources in the public distribution of information regarding IRCA's anti-discrimination provision. These include using the Employment and Training Administration (ETA) network of State unemployment insurance and employment service offices, as well as Job Training Partnership Act grantees. Several State employment service offices are also completing the I–9 paperwork process for employers to which they refer potential employees.

The Department has devoted substantial resources over the years to distributing hundreds of thousands of copies of these materials and providing education and technical assistance regarding the anti-discrimination provision of the law. These efforts have included providing funding for OSC-sponsored outreach efforts and participating in the process of selecting grantees under OSC's educational and outreach grant program.

As previously noted, the Department also reports findings of apparent disparate treatment by employers in the employment eligibility verification process for investigation by the Justice Department. To date, we have referred 70 such cases of apparent disparate treatment to the OSC.

Increased DOL Enforcement

Mr. Chairman, more than seven and a half years after IRCA's enactment, it is clear that employer sanctions are not working as they need to and must be strengthened if the lure of employment for illegal migrants in the U.S. is to be diminished. The results of the Department's employer sanctions enforcement, I believe, only serve to support this view.

Despite their lack of success, we firmly believe that any effective strategy to control illegal migration must include an effective employer sanctions program. The challenge before us, therefore, is to look to the future to achieve a consensus on how

best to solve the problems with employer sanctions and at the same time effectively enforce the anti-discrimination provisions.

While employer sanctions compliance remains a problem and we can be encouraged that our compliance activity shows slow but steady improvement, even with this improvement, fundamental problems remain which I believe seriously limit how effective employer sanctions can be. The most serious problem, I believe, is the current employment eligibility verification process. Employer compliance with work authorization verification responsibilities has little meaning if the counterfeit or fraudulent documents needed to demonstrate employment eligibility are so easy to obtain and so effectively frustrate and undermine the verification system. Moreover, confusion and wariness about the validity of documents only enhances the potential for discrimination against foreign-looking and sounding citizens and non-citizens. The Administration's plan will increase document security, limit the number of acceptable documents for establishing work authorization, expand the INS telephone verification system, modernize and improve the reliability and accessibility of data bases currently used to verify work authorization, and test more reliable systems for verifying employment authorization.

Mr. Chairman, the Department of Labor is committed to seeing employer sanctions work and we will continue to do our part to see to it that employers are aware of and comply with their work authorization verification responsibilities and their obligation not to discriminate in the process of meeting these responsibilities.

At the same time, the Administration's initiative to strengthen the Nation's immigration system recognizes the crucial importance of labor standards enforcement as an integral part of the strategy to control illegal migration. As part of this initiative, the President is requesting $10.6 million and 202 FTE for expanded labor standards enforcement in areas and industries where employment of unauthorized workers (illegal immigrants) is most prevalent. These enhanced DOL resources reflect not only the President's commitment to strong enforcement of employer sanctions but also a recognition of the importance of worksite standards to reducing the workplace magnet for illegal immigration.

As I mentioned earlier, curbing illegal migration and enforcing worker protection laws have a direct connection. Knowingly hiring illegal immigrants both reveals, and rewards, an employer's willingness to break the law, and undermines wages and working conditions for authorized workers.

Under the President's initiative and in line with Secretary Reich's overall goals, the Department's efforts will focus attention and target enforcement resources on the most serious violators and violations, protect the most vulnerable workers, deter violations with more significant penalties, and produce results more swiftly and efficiently. With the additional resources requested, Wage and Hour will increase the proportion of its compliance activities that are targeted to low-wage industries—such as agriculture, garment manufacturing, janitorial services, restaurants, the hotel/motel industry—and bring a wider variety of enforcement tools to bear to promote higher levels of compliance and deter violations. Our investigations in targeted areas (those States more heavily impacted by illegal immigration) and industries are expected to increase by nearly two thirds; to a large extent, these efforts focus precisely where many immigrant workers concentrate in the work force.

Although OFCCP will not receive additional resources as part of the President's initiative, it will continue to conduct employment eligibility verification inspections in conjunction with its compliance reviews, targeting employers and industries with a history of violations, growth industries, smaller employers and first time contractors.

Before I conclude, let me say that I believe we are at an historic crossroads in terms of looking anew at how employer sanctions can be made to work better in this country. We now have sufficient experience in implementing the current provisions, which has revealed problems in the approach adopted under IRCA. We also have the report and recommendations of the Commission on Immigration Reform which can inform our consideration of necessary employer sanctions reforms.

Vigorous enforcement of the nation's employment standards helps foster a level competitive playing field and thereby serves as a meaningful deterrent to illegal migration by denying some of the business advantage that might be gained through the employment of highly vulnerable and exploitable workers at substandard wages and working conditions. Effective enforcement of the nation's labor laws is an essential component of an overall strategy which might begin to control illegal migration to our country, and must be recognized as such—just like enforcement of a more effective system of employee verification and employer sanctions.

The Department of Labor, because of its commitment to seeing employer sanctions work and the importance of this program to America's workers, has been and will

continue to be an active participant in efforts to make employer sanctions more effective, including developing a better work authorization verification process.

CONCLUSION

Mr. Chairman, if the potential for employer sanctions to play an important role in controlling illegal migration is to be realized, it will be because they are substantially simplified in operation and are enforced firmly. In addition, employers' verification obligations must be implemented in a fair, non-discriminatory manner and, just as important, employer sanctions must be complemented with expanded and better targeted labor law enforcement. Developing an employer sanctions approach and applying it in such a way as to meet these standards is what we must work together to accomplish.

Mr. Chairman, this concludes my prepared testimony. I will be pleased to join my colleagues in answering any questions you or the Members of the Subcommittee have.

Attachment 1

U.S. Department of Labor, Employment Standards Administration
IRCA Employment Eligibility Verification Enforcement Results[1]
September 1, 1987, to December 31, 1994 (88 Months)

Annual Compliance Status	FY 87-89[2]	FY-90	FY-91	FY-92	FY-93	FY-94	1st Q FY 95	Total
Compliance	33,506 (38%)	18,431 (38%)	14,883 (41%)	15,025 (42%)	13,091 (43%)	11,988 (47%)	3,277 (55%)	110,201 (40%)
Non-Compliance	44,132 (49%)	23,568 (49%)	16,942 (46%)	15,018 (42%)	11,964 (39%)	6,788 (27%)	1,055 (18%)	119,467 (44%)
Undetermined	11,925 (13%)	6,138 (13%)	4,887 (13%)	6,003 (16%)	5,655 (18%)	6,716 (26%)	1,578 (27%)	42,902 (16%)
Total	89,563	48,137	36,712	36,046	30,710	25,492	5,910	272,570

Cumulative Compliance Status	FY 87-89[2]	FY-90	FY-91	FY-92	FY-93	FY-94	1st Q FY 95	Total
Compliance	33,506 (38%)	51,937 (38%)	66,820 (38%)	81,845 (39%)	94,936 (40%)	106,924 (40%)	110,201 (40%)	110,201 (40%)
Non-Compliance	44,132 (49%)	67,700 (49%)	84,642 (49%)	99,660 (47%)	111,624 (46%)	118,412 (44%)	119,467 (44%)	119,467 (44%)
Undetermined	11,925 (13%)	18,063 (13%)	22,950 (13%)	28,953 (14%)	34,608 (14%)	41,324 (16%)	42,902 (16%)	42,902 (16%)
Cumulative Total Inspections	89,563	137,700	174,412	210,458	241,168	266,660	272,570	272,570

[1]Source: U.S. Department of Labor, Employment Standards Administration, February 1995.

[2]Includes the month of September 1987.

Mr. SMITH. Ms. Chater.

STATEMENT OF SHIRLEY S. CHATER, COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. CHATER. Well, I, too, am pleased to join you today and welcome the opportunity to talk with you about employment eligibility verification. The Social Security Administration wants very much to work with you and to strengthen the integrity of the current verification system, as well as work with you in improving the verification system for the future.

I will, of course, submit my full written testimony for the record, and now I'd like to just touch on a couple of points and focus, first, on the Social Security card since it plays such an important role in the verification process. When we talk about the Social Security Administration's role in the employment eligibility verification process, it truly centers on the Social Security card and the number on that card assigned to individuals.

I'd like to spend a few minutes, first, talking about the role of Social Security in verifying employment eligibility. I want to talk about what the Social Security card was and is intended to be, and I'd like to talk a little bit about what it isn't intended to be, and then perhaps touch on what people would like it to be.

So, I will apprise you first of the steps that have been taken by the Social Security Administration to try to ensure that Social Security numbers are only issued to those eligible to receive them. In terms of verifying employment eligibility, all the Social Security card can do is tell an employer whether the individual whose name is on the card has or does not have authority to work at the time the card was issued; that's all. Verifying Social Security numbers for employers is our function in that it affects accurate wage reporting and also accurate benefit payments. Employers can call our 800 number or they can contact one of our 1,300 field offices to verify that the Social Security number is that of a particular job applicant, and we can tell the employer whether a name and a number match the SSA records for that number.

But that brings us to the matter of what the Social Security card and the Social Security Administration cannot do. We have no way, for example, of determining whether the person presenting the card to an employer is, in fact, the person to whom the number was issued. The card, therefore, cannot be used to verify a job applicant's identity. That is, it has no photograph; it has no fingerprint—nothing that would facilitate its use as an ID card.

To enhance the integrity of the Social Security number application process, we have taken a number of steps to enhance the integrity of the card. First of all, prior to 1971, the Social Security card you see on the left was issued without any documentation at all required by the individual. The safeguards were gradually put into place over time. Since 1978, all applicants have been required to provide documentary evidence of age, identity, U.S. citizenship, or alien status, but, remember, that's just since 1978.

Furthermore, we have taken another step to improve the process. For those applicants 18 years old or older who come to us to request an original Social Security number, we require them to lit-

erally sit for a personal interview with our employee, because we want to be sure that people who have managed to get through their life without a Social Security card up to the age of 18, really are, in fact, eligible for a card. So we add additional verification by checking with the State bureau of vital statistics, for example, for birth certificates.

Another project that we have put into place to improve this process is our enumeration-at-birth project. In 49 States, the District of Columbia, and in Puerto Rico, we provide an opportunity for new parents to ask for a Social Security card for their newborn infants. We like this project because we think that it prevents, obviously, the birth certificate from being used at another time by someone else.

We've also taken many initiatives to improve the Social Security card itself. The card on the right, which has been in place since the mid-1980's, is a different kind of paper than the former card. The cards are made of bank note paper and are, to the maximum extent practical, resistant to counterfeiting.

The current card also incorporates a number of features. You can see for example, that the general stock of the card has a blue tint, with a marbleized, random pattern, which is very difficult to erase. It is very difficult to remove any data from that background of a blue, marbleized pattern. You also see up in the lefthand corner planchets. These are small, multicolored disks that are randomly placed throughout the paper stock that can be seen with the naked eye. We also have a raised kind of printing called intaglio printing. So that if you could feel that card, you would see that the top of it and the two columns on the side have a raised effect that makes it difficult to duplicate.

Despite these improvements, however, and all of our good-faith efforts, I would, again, remind you that, just as it's possible to accept a $20 bill that's counterfeit, it's still possible to accept a counterfeit Social Security card. There have been suggestions that we use a photograph, a magnetic stripe, et cetera, but these pose some financial and logistical difficulties within our agency.

I would be pleased to elaborate on those suggestions, if you wish, but I will stop now and answer your questions.

[The prepared statement of Ms. Chater follows:]

PREPARED STATEMENT OF SHIRLEY S. CHATER, COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Chairman and Members of the Subcommittee, I am pleased to be here to discuss the integrity of the Social Security card as well as its role in the verification of employment eligibility. We look forward to working with you to address your concerns about the system.

The employment eligibility verification process is composed of two elements: verifying the identity of the job applicant and ensuring that the applicant has authority to work. SSA's role in the current work eligibility verification process is limited. A worker must present to an employer documents which establish either identity or authorization to work or both. Some documents serve as evidence of both elements, but most documents establish only one or the other. The Social Security card is in the latter category, indicating only whether the individual named on the card had authority to work when the card was issued.

For a variety of reasons which I will explain in my testimony, it is not feasible to use the current Social Security card for the purpose of establishing that the person in possession of the card is the person to whom it was issued. Perhaps no single document can guarantee identity.

History of the Social Security Card

Let me give you some background on the Social Security card. At the time the Social Security card was devised in the 1930's, its only purpose was to provide a record of the number that had been issued to the individual so that the employer could accurately report earnings for the individual. That is still the primary purpose for which SSA issues the card. It was never intended to serve as a personal identifier—that is, to establish that the person presenting it is actually the person whose name and Social Security number (SSN) appear on the card. Although we have made it counterfeit-resistant, it does not contain information that allows it to be used to establish identity.

Over time, however, the use of the SSN and Social Security card has greatly expanded, and the card is now used for purposes other than Social Security earnings record maintenance, including its use as evidence of authorization to work. Society's increasing use of computerized data has led to suggestions to use the SSN and the card as a personal identifier. The card itself, however, is still simply a paper record with a name and number on it.

Prior to 1971, all SSNs were issued based solely on information alleged by an individual. Because of the expanding use of the card for other purposes, there was concern about the integrity of the card. Beginning in 1971, certain categories of applicants were required to provide documentary evidence of age, identity, and alien status. This made it more difficult to obtain a card on the basis of a false identity. However, the card was still no more than a reminder of the number assigned to the individual named on the card. Because of our concern that individuals who had been assigned SSNs for purposes other than work might use the card to obtain unauthorized employment, in July 1974, we began to annotate our records to reflect the fact that an alien had been issued a non-work SSN. This allowed us to identify, and report to the Immigration and Naturalization Service (INS), instances in which Social Security earnings were reported on non-work SSNs.

Several years later, the integrity of the SSN process was further improved. Since May 15, 1978, all applicants have been required to provide documentary evidence of age, identity, and U.S. citizenship or alien status. Generally, to obtain an original Social Security card, an applicant must submit at least two forms of acceptable evidence, such as a birth certificate and driver's license. Aliens must submit appropriate INS documents to establish lawful status.

Any alien other than one admitted for permanent residence receives a card indicating whether he or she is authorized to work. To obtain an unrestricted Social Security card, they must provide an alien registration receipt card displaying a photograph. This document is issued to aliens by INS.

Applicants for an original SSN age 18 or over are required to have a personal interview. During the interview the applicant is asked for prior names art surnames and the reasons for never before needing an SSN. For those who allege having been born in the U.S., SSA performs additional verification prior to the issuance of an original SSN because most people born in the U.S. have been issued an SSN by the time they have reached age 18. For instance, SSA verifies the existence of a birth certificate at the State Bureau of Vital Statistics for all applicants for original cards who are over 18, and initiates a search for a death certificate when there is reason to believe the applicant may be assuming a false identity.

Enumeration at Birth Initiative

The "Enumeration at Births (EAB) program was established in 1989 as another means of improving the SSN process. It is a valuable tool in preventing fraudulent acquisition of an SSN. This program allows parents in the 49 participating States (plus New York City, the District of Columbia, and Puerto Rico) to indicate on the birth certificate information form whether they want an SSN issued to their newborn child. States provide SSA with birth record information about newborns whose parents want a Social Security card for their child, and SSA then assigns an SSN and issues a card. Approximately one-half of the original Social Security cards issued in fiscal year 1994 were processed through EAB. With the addition of the State of California's participation in January 1994, representing approximately 15 percent of the national births, we expect a significant increase for fiscal year 1995. This process greatly reduces the potential for someone to use another person's birth certificate to obtain a Social Security card. For example, individuals who present the birth certificate of a child enumerated under EAB would not be issued an SSN, since our records would indicate that an SSN had already been issued to the child named on the birth certificate. As EAB expands, there will be fewer children without SSNs whose birth certificates could be used to obtain an SSN for another person.

Federal income tax law requires that persons age 1 or older claimed as dependents for Federal tax deduction purposes have an SSN. By 1996, this requirement will apply to all claimed dependents. This has created a strong incentive for individuals to obtain an SSN for their children and also reduces the potential for someone else's birth certificate to be used.

We must remember that, even with these improvements to strengthen the SSN issuance process, the Social Security card is still just a record of the SSN issued and not an identity document.

General Accounting Office (GAO) Analysis of Enhanced Social Security Card

From time to time, it has been suggested that the Social Security card could be an effective proof of identity if it were enhanced. Some have proposed such features as a photograph, fingerprint or other biometric identifier, hologram, or magnetic stripe that would make the card difficult to duplicate.

GAO was directed by the Immigration Reform and Control Act of 1986 (IRCA) to look at this role for the Social Security card. GAO evaluated plastic and polyester card technologies and found that these technologies are two to ten times more expensive than paper cards. In addition, GAO noted that plastic or polyester cards wear out and have to be replaced every few years. In its March 1988 report, the GAO concluded that, even with enhancements, the Social Security card would probably not provide an effective identity system.

GAO also noted that an enhanced card would impose additional burdens on employers, yet provide no guarantee against counterfeiting. Data storage devices require the use of electronic equipment. Off-line readers would merely establish whether or not the name and SSN displayed on the card match the encoded information on the magnetic stripe. On-line Systems, linked to a central data base, would be needed to both confirm the name and number match and verify the identifying data the card contains. The magnetic stripe on a plastic card is the technology most in use today. GAO reported that magnetic stripe readers cost $100–$150, a considerable outlay for many employers who would have no other use for the equipment. Also, they concluded that the commercial availability of readers and coding equipment for magnetic stripes makes this technology highly susceptible to counterfeiting. GAO also pointed out that rapid advances in card technology may quickly render obsolete any hi-tech anti counterfeiting efforts.

Changing the Social Security card by adding a photograph and requiring that it be signed when issued might make it more effective as an identity document, but people intent on fraud can substitute a photograph, modify their appearance, or reproduce signatures with practice. In addition, pictures on the card would require updating from time to time because of changes in personal appearance.

More effective biometric identifiers, such as fingerprints, require verification techniques that are expensive and that cannot be applied by non experts. A technology that has emerged for linking users to documents is the Personal Identification Number or PIN. Automatic teller machines in particular have popularized this technology. However, GAO noted that incorporating a PIN in a work eligibility document would require the use of card readers and on-line access to a data base matching the PIN with a unique code in a magnetic stripe on the card. Also, GAO reported that law enforcement authorities have found that many users write their PIN on the card or elsewhere in their wallet or purse in case they should forget it. Thus, if the card is stolen, the thief also has the PIN that permits him to use the card.

GAO concluded that the card would not be a good identifier because it does not satisfy three criteria for a reliable identity document. It must be difficult to counterfeit; allow verification that the person presenting the document is, in fact, the individual to whom it was issued; and be difficult to obtain fraudulently.

We share GAO's views that these are the appropriate criteria to use in evaluating identity documents. It appears that no single document can meet all three criteria, primarily because a determined individual can obtain a counterfeit document or a valid document through fraudulent means. Furthermore, efforts to develop a fraud-proof identity document for employment eligibility verification purposes would require major changes in the process of issuing birth certificates and be very expensive. While it i8 possible to develop a more counterfeit-resistant Social Security card, there are reasons aside from cost-effectiveness why it would not be an effective identity document.

False Documents Impede the Security of Social Security Cards

As I mentioned earlier, even if the Social Security card were enhanced, there would be no assurance that the card had been properly issued to an individual. This is because the documents which a Social Security card applicant must present—primarily a birth certificate and immigration forms—are relatively easy to alter, counterfeit, or obtain fraudulently.

In 1988, the Office of Inspector General (OIG) of the Department of Health and Human Services (HHS) issued a report entitled Birth Certificate Fraud which examined vulnerabilities to fraud in birth certificate forms and issuance procedures and in procedures of user agencies which receive birth certificates as documentation. The problems found by the OIG included:

False birth certificates are used to create false identities;

An estimated 7,000 local issuing offices issue some 10,000 different versions of birth certificate forms which may be submitted to user agencies for evaluation; and,

States have open access to vital records, and there is lax physical security of blank forms and seals, especially in local offices.

In 1991, OIG issued a follow-up report on efforts to control birth certificate fraud. The relevant finding was that the nature and extent of birth certificate fraud appeared to be relatively unchanged since 1988. OIG reported that major weaknesses in the procedures used by issuing agencies continued to hamper the ability of user agencies, both Federal and State, to rely on birth certificates as evidence of identity. The cost of revamping the system by which birth certificates are issued would be enormous, and while some State and local jurisdictions have initiated reforms, most are severely constrained from making major reforms by increasingly limited resources.

Logistics of Reissuance of Social Security Cards

Let me now discuss the logistics that would be involved in issuing enhanced Social Security cards to the almost 270 million current card holders. To be effective, a new card would have to be issued relatively quickly to all card holders. Otherwise, they could present earlier versions of the Social Security card and claim they had not yet been issued a new card. The process of verifying identities and reissuing everyone a new, more secure card would be very costly—from $3 to $6 billion from general revenues, depending on the security features and issuance procedures. (The $3–$6 billion does not include the potential cost to employers.) The additional cost of the secure feature itself (e.g., a bar code or photo) would be relatively small. However, the labor costs associated with interviewing, verifying evidence, and producing the card would make the total reissuance cost extremely high.

Issuing new cards to everyone would also be burdensome on the public, as individuals would be required to establish their identity and citizenship or lawful alien status satisfactorily before being issued a new card.

The workload that would result from the issuance of new Social Security cards to all card holders would primarily serve purposes other than the administration of the Social Security program and would be a tremendous challenge for the Agency and its employees. The volume of interviews required to reissue almost 270 million Social Security cards in 5 or even in 10 years could not be handled in SSA's 1,300 local offices, because it would interfere with the ability of the offices to properly serve the people needing help with Social Security problems at a time when the Agency is facing heavy workloads. The law provides that any changes made to the Social Security card for purposes of work eligibility must be financed from general revenues and not be borne by the Social Security trust funds.

Social Security Cards for Work Authorization

I would now like to discuss the role of the Social Security card as evidence of work authorization, which is a separate issue from personal identification. As you know, Mr. Chairman, IRCA makes it illegal for an employer to knowingly hire anyone not legally permitted to work in the U.S.; that is, aliens not authorized to work by INS. Under IRCA, all employers are required to verify a job applicant's identity and authorization to work. Any of a variety of documents specified in the law and in INS regulations can be used for this verification, which is required for all employees, regardless of citizenship or national origin. Some of these documents—such as a U.S. Passport—establish both employment eligibility and identity. Others—including the Social Security card—can be used to establish work authorization, but must be accompanied by an identification document, such as a State driver's license.

Originally, the same type of Social Security card was issued to all SSN applicants who requested one, whether or not they were authorized to work. Beginning in May 1982, a legend, "NOT VALID FOR EMPLOYMENT," was placed on the Social Security cards of aliens not authorized to work to identify nonwork SSNs. This was due to the increasing need for persons to have SSNs for nonwork purposes and concern that such persons could use their SSN for work purposes. These non-employment-related Social Security cards are issued to:

Aliens in the U.S. who do not have authorization to work, but who need SSNs for a valid nonwork purpose (such as driver's licenses in some States or bank accounts); and

Certain aliens residing outside the U.S. (for example, dependents listed on U.S. income tax returns or individuals entitled to Social Security auxiliary or survivor's benefits).

With this legend appearing on the card, employers were able, for the first time, to determine whether an individual was authorized to work. Since September 14, 1992, cards with the legend "VALID FOR WORK ONLY WITH INS AUTHORIZATION" have been issued to aliens lawfully in the U.S. with temporary authority to work. Thus, employers are now able to determine if an alien has exceeded the time limit for his or her work authorization by checking the alien's INS document.

Counterfeit-Resistant Social Security Cards

Originally, due to the limited purpose of the Social Security card, no special efforts were made to prevent them from being counterfeited. However, as counterfeiting became a concern, actions were taken to address this problem. For example, legislation enacted in 1983 required that new and replacement Social Security cards be made of banknote paper and—to the maximum extent practicable—be resistant to counterfeiting. The current card incorporates these and a number of other security features. It is now difficult to produce a high-quality counterfeit of these cards.

If the Social Security card were the only work eligibility document, it would have to contain features that would allow employers to easily detect counterfeit cards. Some types of humanly readable security features that make the card more counterfeit resistant are already incorporated in the current Social Security card. However, employers would have to look for them and be trained to recognize counterfeit cards. Under current law, employers are only required to make a good-faith effort to ensure that documents are genuine, and they are not required to be document experts. But for the same reason that most of us will accept a counterfeit $20 bill—lack of experience and expertise in identifying a counterfeit bill—counterfeit Social Security cards may be accepted by employers.

When improved versions of Social Security cards have been developed, they have been issued only to new applicants because of the prohibitive cost of replacing all cards still in use. Thus, there are now 46 valid versions of the Social Security card in use. Approximately 61 percent of active card holders have been issued a counterfeit-resistant card. But, as I mentioned, previous versions are still valid and employers generally have no reason not to accept them.

SSA's Role in SSN Verification

It is important to keep in mind that the personal identity and Social Security card appearance issues that I have been discussing are quite separate from the issue of SSN verification. By SSN verification, we mean the process by which SSA determines whether a name and SSN match SSA's records, that is, whether SSA issued a given SSN to a given person. This process cannot determine whether the person presenting the name and SSN is, in fact, the person to whom the SSN was issued.

SSA has always had the capability to verify SSNs, which is an important function in ensuring accurate wage reporting and, ultimately, accurate benefit payments. Employers may immediately verify SSNs for payroll purposes by calling our 800-number or local office. This option is also available to employers who want to verify the SSN as part of the employment eligibility verification process. Relatively few employers call for either purpose, however, because they tend not to question the name and SSN provided by an employee. And although this option is available to employers, neither the 800 number nor local offices are equipped to handle large numbers of SSN verification requests.

With the expansion of the SSN's use over the years, especially as a result of widespread dependence on computers, SSA began to experience more and more requests for SSN verification for purposes other than the Social Security program. Many of these requests were from government agencies for the purpose of ensuring the accu-

racy of other Federal and State benefit programs, and automated data exchange systems were developed to comply with these requests.

On the other hand, SSA does not verify SSNs for the private sector for purposes other than employer wage reporting and employment eligibility verification. The law and our disclosure policy are designed to protect individual privacy—a fundamental and widespread concern—and the confidentiality of the SSN because of the potential for its use as a means of unauthorized access to personal records.

One of the systems that was developed to verify SSNs for States is available to employers to verify SSNs for employment eligibility verification purposes. The Enumeration Verification System (EVS), which was designed to carry out SSA's role with respect to the Federal-State Income and Eligibility Verification System (IEVS), verifies SSNs based on data such as name and date of birth. Since the mid-1980's, each State has been required to have an IEVS to match financial information received from public assistance claimants with information in Federal and State data bases 80 that they can identify claimants who are ineligible or who receive incorrect benefit payments.

Although EVS is used primarily by States, employers may also use EVS to verify SSNs for wage reporting or employment eligibility purposes. However, because EVS consists of a high volume process, under which the requests are transmitted to SSA by mail on magnetic tape and the results returned to the requestors in about 4 weeks, this system does not allow for immediate SSN verification. Thus, it may not effectively serve an employer's employment eligibility verification needs.

IRCA required the Secretary of Health and Human Services to study the feasibility, costs, and privacy considerations of an SSN validation system for employers. From January 1987 through September 1988, SSA tested a telephone system under which employers in 3 Texas cities requested SSN validations orally and received oral responses from SSA employees who had online access to SSA data bases. The test allowed employers to use existing telephone lines and equipment to request SSN validation of prospective employees from SSA and receive an immediate response. This is similar to an employer's calling the 800 number today, except that the test provided for a special staff dedicated to this specific function.

The test results indicated that, although technically feasible, the effectiveness of an SSN validation system in helping employers prevent aliens not authorized to work in this country from gaining employment would be limited, because there is no way to be sure that the job applicant presenting a valid Social Security card is the person to whom it was issued.

Employment Eligibility Verification Pilot Projects

The Commission on Immigration Reform's interim report to Congress in September 1994 proposed a computer registry based on SSA and INS data which employers could check to determine if a new employee is eligible to work. The Commission recommended that the President immediately pilot the registry in the five States with the highest levels of illegal immigration and several other States.

Our SSN data base is highly accurate and is updated overnight. Since the data base was established to carry out Social Security functions, such as to facilitate wage reporting, the data base and its supporting systems are not designed to support work eligibility verification, although they contain information that is useful for that activity. Because of this, we need new programming to support verification of work eligibility and to make the verification process more convenient for employers.

The Administration believes that worksite enforcement of immigration laws is a necessary and effective means of controlling illegal immigration and promoting fair competition among employers and workers in the United States. The Administration's fiscal year 1996 budget proposal includes substantial new resources to pursue this goal. As a part of this effort, the Administration is seeking to enhance effective verification of a new employee's authorization to work in the United States.

A major concern, present when Social Security started and still present today as we pursue this effort, is how best to protect people's privacy. In this age of computers and automated data banks, we must not forget the threat to personal privacy that can be posed by unauthorized access to information in government records; accordingly, we are looking at several possible measures, such as password requirements, privacy agreements with employers, and other security procedures. An Administration interagency group is also reviewing the privacy and civil rights concerns that may arise as we proceed.

On February 7, 1995, President Clinton announced several major immigration reform initiatives, including expanded worksite enforcement. To improve such enforcement, the President also announced several pilot projects to verify employment eligibility for newly hired employees, as recommended by the Commission on Immigra-

tion Reform. The President has directed SSA and INS to develop pilot projects in response to some of the issues raised in the Commission's report and to test the feasibility of matching SSA and INS records in the future.

One of the pilot projects is a two-step process using SSA and INS data bases. Current plans call for a number of selected volunteer employers to request verification of employment eligibility by submitting to SSA a newly-hired employee's SSN, name, and a date of birth. SSA would match that information against its data base and would also check for citizenship/alien status coding. If SSA records indicated that the employee was an alien at the time he or she applied for an SSN card, SSA would advise the employer to verify with INS, using the employee's alien identification number, that the employee was authorized to work. We estimate that this pilot will be operational on a small scale by the end of 1995 or early 1996 in one or more geographic areas with high levels of illegal immigration. We expect to expand the pilot to more employers in 1996 and perhaps 1997.

CONCLUSION

In conclusion, Mr. Chairman, the Social Security card was originally intended to be nothing more than a means of recording the Social Security number. Its use for other purposes has provided the incentive to improve the quality of the issuance process and the counterfeit-resistance of the card. As I have indicated, we are concerned about the possible use of the Social Security card as an identity document, the costs associated with making it serve that purpose and its implications for individual privacy; nevertheless, we are committed to testing effective, nondiscriminatory means of improving the employment eligibility verification system.

We fully understand and share the subcommittee's concerns about improving the integrity of the employment eligibility verification system. SSA will continue to assist employers in verifying employment eligibility and we will gladly work with the subcommittee to improve that system.

Mr. SMITH. Thank you, Ms. Chater.

By the way, I mentioned a while ago to you this last week I had to get Social Security cards for my two children, and now I know why it looked like what it looked like and why those dots were all there, and I wasn't sure before. So thank you for explaining that.

Mr. Rasor.

STATEMENT OF ROBERT H. RASOR, SPECIAL AGENT IN CHARGE, FINANCIAL CRIMES DIVISION, SECRET SERVICE, U.S. DEPARTMENT OF THE TREASURY

Mr. RASOR. Thank you, Mr. Chairman. I'd like to take the opportunity to thank you and the committee and to discuss the subject of false identification. I'm Robert Rasor and I'm representing the U.S. Secret Service in my capacity as Special Agent in Charge of our Financial Crimes Division.

As a law enforcement bureau in the Department of the Treasury, the Secret Service, historically, has been charged with the detection, prevention, and suppression of counterfeit currency and Government obligations. To this end, the Secret Service became the lead investigative agency in false identification investigations as a result of the passage of the False Identification Crime Control Act of 1982. The legislation was originally intended to control the use of false identification and illegal immigration, drug trafficking, and flight from justice. In recent times, the use of false identification as a vehicle to commit financial crimes has become a priority concern of the Secret Service and the financial community.

In 1994, the Secret Service investigated financial crimes cases totaling about $1.5 billion. The majority of these cases involved false identification as a prerequisite to the crime. Counterfeit or fraudulent identification initially does not seem to be as serious a crime as bank robbery, thefts, or drug smuggling until one realizes that

fraudulent identification is the base necessity for most financial crimes investigations, illegal border crossings, and fraudulent applications for benefits from local, State, and Federal governments. Fraudulent identification allows the criminal element to move freely through society hidden from the law enforcement and regulatory agencies whose duty it is to protect the Nation's financial systems, borders, and benefit agencies.

If our currency was being counterfeited at the rate that false identification is being produced, the impact would be dramatic to the economy and the confidence of the public. Although counterfeit birth certificates and Social Security cards can and will be used to establish identify in the commission of financial crimes, it's the counterfeit driver's license that is the most often used. That is due to the fact that during the course of business the driver's license is the most popular and widely-accepted credential in support of financial transactions.

Nigerians, Asians, and Russian criminal groups also use false identification to cross our borders. The Asian criminal groups are attacking our financial institutions using counterfeit identification, counterfeit credit cards, counterfeit currency, counterfeit identification. Two recent cases involving Asian gangs illustrate this point.

The first case, called Operation Plastic Dragon, involved an Asian triad that was counterfeiting credit cards. Worldwide fraud losses were approximately $63 million. The second case we dubbed Operation Paper Dragon is an ongoing investigation in which Asian gangs are defrauding financial institutions using counterfeit corporate checks. These checks were made with computers and desktop publishing programs. Total losses to date in this case exceed $25 million. In these examples the crimes could not have happened without a false identification.

The systems currently in place to corroborate identity are antiquated. Birth certificates, the initial documents needed to obtain a host of other documents, are easily obtained and counterfeited.

Mr. SMITH. Let me interrupt you there real quickly.

Mr. RASOR. Yes, sir.

Mr. SMITH. When you talk about other documents are easily counterfeited, you made for me a number of ID cards that I presume were made very easily, and that's the point of your testimony, is to how easy it is to document these.

Before I get to these, I want to ask you: Is this $50 bill that you've given me here something that someone could simply cut out and use as legal tender?

Mr. RASOR. Well, we've stamped the back of it, so they couldn't use that one, but——

[Laughter.]

Mr. SMITH. I thought I was $50 richer, but in point of fact there's nothing on the back; so I could.

Mr. RASOR. Oh, we must have stamped the front, I suppose.

Yes, sir, the point that we were trying to make in that is we prepared for you some counterfeited documents. We didn't want to be parochial in our views. So we also showed how easy it was to produce currency.

Mr. SMITH. You've also made me a resident alien, I see.

Mr. RASOR. Yes, sir.

Mr. SMITH. And you've done this, I see, with a fingerprint and other identification, and, yet, the only thing that you had was a photograph.

Mr. RASOR. Yes, sir.

Mr. SMITH. And, yet, you were able to produce all these documents.

I had another question. Beside the resident alien card that you gave me, you gave me an Armed Forces card, but why, I want to know, did you give me the low grade of an E–6?

[Laughter.]

Mr. RASOR. We didn't want to be presumptuous, sir.

[Laughter.]

Mr. SMITH. Well, I didn't take it personally, but the point is how easy.

I have to tell you, I took some minor umbrage at. You gave me a New York State driver's license.

[Laughter.]

Mr. SMITH. If this were to get around, I wouldn't be back next year.

[Laughter.]

Mr. SMITH. But let me let you continue, but I think the point is well made, how easy it is to produce fraudulent documents and to make use of them.

Mr. RASOR. Yes, sir.

Mr. SMITH. Excuse me. Go on.

Mr. RASOR. Yes. And to move off the prepared text, really to sum up, the point of this discussion is that two things are really critical in the area of false identification. One is that in today's environment, due to what is now termed desktop publishing, which throws out all the old norms for publishing and producing false identification, everything you have there is computer-generated. So the problem really becomes that no matter how good you get your original document, it's merely scanned into a computer; it's manipulated through the computer process, and it's printed out on the other end. So the reliance that used to be held toward visual identification and verification that this document is you or this document entitles you to a particular series of events can't work unless now it is matched with some sort of identifier to the individual in addition to the visual replication. That's the basis and point of our entire testimony.

There are a number of places in the United States that are using those types of technological systems currently. Now California is one where they have a system called AFIRM. Basically, what that system does is, without particularly identifying an individual, it identifies a person to a particular card or event, which means that that system is then protected from that individual coming back into that system under another identity. It doesn't really matter on the front end of matching the identity to the fingerprint system that's used. It's an APHIS system that's used to do that in California, but what really registers in the system is later on that particular set of identifiers is precluded from coming back in and drawing secondary benefits.

Mr. SMITH. OK.

Mr. RASOR. So going off the text, that's the message that we have today and that's kind of where I would end the presentation.

[The prepared statement of Mr. Rasor follows:]

PREPARED STATEMENT OF ROBERT H. RASOR, SPECIAL AGENT IN CHARGE, FINANCIAL CRIMES DIVISION, U.S. DEPARTMENT OF THE TREASURY

Mr. Chairman, thank you for the opportunity to address this committee on the subject of border security and false identification. I am Robert H. Rasor, representing the United States Secret Service in my capacity as the Special Agent in Charge of our Financial Crimes Division.

As a law enforcement bureau of the Department of the Treasury, the Secret Service historically has been charged with the detection, prevention, and suppression of counterfeit currency and Government obligations. To this end, the Secret Service became the lead investigative agency in false identification investigations as the result of the passage of the False Identification Crime Control Act of 1982. This was the culmination of a ten (10) year legislative process to improve federal criminal statutes relating to the false identification problem. Title 18, United States Code, section 1028, was created as a result of this act. This section defines offenses involving the counterfeiting of identification documents issued by the United States and other governmental entities, both foreign and domestic, and the trafficking in the illegal use of counterfeit, stolen, or falsely obtained governmental identification documents.

The authority for the Secret Service to conduct investigations relating to false identification was established in Public Law 98–587. On October 10, 1985, an order conferring investigative responsibility was agreed upon by the Attorney General and the Secretary of the Treasury. This order assigns investigative responsibilities for offenses contained in the false identification Crime Control Act of 1982. The Secret Service has primary jurisdiction over the production and transfer of non-federal government identification documents, i.e., drivers licenses or birth certificates. The Secret Service also has jurisdiction over the possession of these documents insofar as such jurisdiction is not assigned to another Federal agency.

This legislation was intended to control the use of false identification in illegal immigration, drug trafficking, and flight from justice. In recent times, the use of false identification as a vehicle to commit financial crimes has become a priority concern to the Secret Service and the financial community. In 1994, the Secret Service investigated financial crimes cases totalling $1.5 billion. A majority of these cases involved false identification as a prerequisite to the crime.

The Secret Service's expertise in the suppression of counterfeit currency is also being used to track and suppress false identification plants. The Secret Service Forensic Services Division maintains genuine samples of all state and Government identification documents. These are used for comparison purposes in conducting forensic examinations of false identification sent from field offices. The Forensic Services Division also maintains files of new counterfeit false identification. Every piece of false identification is catalogued and assigned a False Identification Number (FIN), which enables the Forensic Services Division to associate investigations from around the country. The Forensic Services Division also maintains liaison with the Immigration and Naturalization Service concerning false identification.

Counterfeit or fraudulent identification initially does not seem as serious a crime as bank robbery, thefts, or drug smuggling, until one realizes that fraudulent identification is the base necessity for most financial crimes investigations, illegal border crossings, and fraudulent application for benefits from Local, State, and Federal Governments. Fraudulent identification allows the criminal element to move freely through society, hidden from the law enforcement and regulatory agencies whose duty it is to protect the nations financial systems, borders, and benefit agencies. If our currency was being counterfeited at the rate that false identification is being produced, the impact would be dramatic to the economy and the confidence of the public.

In the financial crimes arena, the number one concern of banks today is the use of computers, document scanners, laser printers, and desktop publishing programs to counterfeit false identification, corporate checks, letters of credit, and other commercial banking documents. Illegal aliens and criminals could use false identification to open bank accounts to conduct fraudulent activity, to fraudulently apply for bank loans or credit cards, to fraudulently apply for Government benefits, or to negotiate counterfeit or stolen checks. Financial institutions are losing hundreds of millions of dollars a year as the direct result of false identification.

Although counterfeit birth certificates and Social Security cards can and will be used to establish identity in the commission of financial crimes, it is the counterfeit

drivers license that is most often used. That is due to the fact that during the course of business the drivers license is the most popular and widely accepted credential in support of a financial transaction.

West Africans, primarily Nigerians criminal groups, are a major group involved in false identification. Through the use of false identification they are systematically entering the United States illegally, defrauding financial institutions, and other Government systems. These same criminal groups have been found in possession of manuals that give detailed instructions on how to create false identification and how to defraud financial institutions.

Asian criminal groups and russian criminal groups also use false identification to cross our borders. The asian criminal groups are attacking our financial institutions using counterfeit identification, counterfeit credit cards, counterfeit currency, and counterfeit corporate checks. Two recent cases involving asian gangs illustrate this point. The first case, called "Operation Plastic Dragon," involved an asian triad that was counterfeiting credit cards. Worldwide fraud losses were approximately $63 million. The second case, called "Operation Paper Dragon," is an ongoing investigation in which asian gangs are defrauding financial institutions using counterfeit corporate checks. These checks were made with computers and desktop publishing programs. Total losses to date in this case exceed $25 million. In these examples, the crimes could not have happened without false identification.

The systems currently in place to corroborate identity are antiquated. Birth certificates, the initial documents needed to obtain a host of other documents, are easily obtained or counterfeited. This is due to fact that each state has it own birth certificates which are issued from approximately 7,000 vital statistics offices from around the country. You are often able to call on the phone to the vital statistics office and obtain a legitimate birth certificate with a minimum of information. As mentioned previously, with computers and desktop publishing programs, you can counterfeit birth certificates with ease. There is no minimum standard for the individual states' birth certificates or drivers licenses; therefore, this process is made all the more simple. The Social Security card, although never intended by the Social Security Administration to be used for personal identification, has become an important document in maintaining employment records and in obtaining other identification. The Social Security number is used for tax records and is widely used as a drivers license number. Illegal aliens living in this country use false identification for employment purposes or to enter the health and welfare services of this country.

One option to consider is better security features for identification documents and establishing minimum standards for these documents for all states, thereby making them more fraud resistant. This includes birth certificates and drivers licenses. There are thousands of different identifications in use today and personnel issuing and reviewing identification need to be able to recognize fraudulent documents. The variety of identification documents makes this impossible. The techniques used to make identification, the quality of materials used, and the security of the materials used in manufacturing identification documents needs to be upgraded. Access needs to be restricted to vital records offices issuing birth certificates. The number of these issuing offices has to be decreased, as well as increasing security within the Vital Records Offices. As an example, the selling of Department of Motor Vehicle information to outside parties should be closely scrutinized and possibly restricted.

Criminals and illegally aliens can replicate identification through technology. A significant method to prevent fraud and illegal immigration is reliable and positive verification of a person's identity. The Secret Service has determined that reliable identity verification systems are available in today's technological markets. As an example, state of the art technology in fingerprint identification is available in the Automated Fingerprint Identification System (AFIS). This computer system serves as a depository of electronically scanned fingerprint files. Computer technology allows a quick comparison of these files when attempting to match fingerprint records. The Secret Service has experienced first hand the advantages and reliability of this technology. AFIS provides a means for the Secret Service to identify suspects in investigations and presidential threat cases by matching latent prints of unidentified individuals with a database of known records.

AFIS technology is currently being utilized in the Automated Fingerprint Image Reporting and Match (AFIRM) System in the Los Angeles County welfare program to verify the identity of all applicants and defeat fraudulent application schemes. The AFIRM system was developed in response to multiple identity fraud cases in the Los Angeles general relief program and was later expanded for use in the Aid for Families with Dependent Children (AFDC) program.

A study of the AFIRM program was conducted by an independent audit firm who found the AFIRM system is accurate in that no false positive matches of applicants have yet occurred. Second, they found the system caused no undue time inconven-

ience to applicants. Third, they determined the amount of gross savings through the end of July 1994, was $14 million.

The known abilities of illegal aliens and criminals to produce false identification, and to use it to defraud financial institutions, to cross borders, and to obtain goods and services from Local, State, and Federal governments, demands the problem of false identification be addressed to prevent further losses. As a bureau within the Department of the Treasury, the Secret Service is charged with the protection of the Nation's financial systems. The use of technology and systemic safeguards to produce a secure identification system would be a crucial step in this process.

Finally, the Department of the Treasury, through the Secret Service, is the lead investigative agency for most counterfeit or false non-government identification cases. We realize the need for cooperation and coordination between all entities that are effected by the problem. to that end we will continue to assist State, Local, and federal agencies in finding solutions to this problem.

This concludes my prepared remarks. I will be happy to answer any questions that you, or members of your committee, may have.

Mr. SMITH. Mr. Rasor, thank you for your testimony. We'll come back in just a minute.

Mr. Puleo, let me begin my questioning with you and start off by saying that I think it's widely known that perhaps the most effective way to try to discourage individuals from entering this country illegally or from overstaying their visas is not to provide them with jobs, since that's thought to be the primary magnet that attracts many individuals to this country who, understandably enough, want to try to better their economic situation or take advantage of America's economy.

You say that interior enforcement is a high priority of the INS. First of all, let me ask you for today's figures as far as the number of INS investigators, and I might also ask for the number of Department of Labor employees, too, but if you can give me those two figures.

Mr. PULEO. We currently have about 1,600 investigations personnel, which includes supervisors, officers, and clerical staff.

Mr. SMITH. OK. Not counting the staff support, how many investigators are there? I've got a figure here; I just want to confirm it.

Mr. PULEO. I'm sorry, I was just corrected; 1,600 is the number of investigators. It does not include the support staff.

Mr. SMITH. OK. Well, we've been given wrong information by the INS, if that's the case. Why don't you all check your figures? I've got a graph here that talks about the number of INS investigators and the number of Department of Labor employees. Is this bar chart from you all? You're giving me the gross figures, including support staff. I was looking—according to this chart, there were 468 in 1993, 466 in 1994, 500 in 1995. I just wondered if those were——

Mr. PULEO. Those are not accurate figures.

Mr. SMITH. Apparently, this was a chart that was a part of the budget request by the INS. And, meanwhile, maybe someone else can find those figures for us.

Mr. PULEO. The best figures we have, Congressman, are there's slightly over 1,800 total in the program, of which 1,600 are criminal investigators——

Mr. SMITH. OK.

Mr. PULEO [continuing]. Which includes their supervisors, but they're all classified as criminal investigators. The rest are support personnel. That's a difference. I apologize, I'm not aware of the chart that you have.

Mr. SMITH. How many of those individuals are devoted to employer sanctions?

Mr. PULEO. It's a total of 200——

Mr. SMITH. The chart says "personnel dedicated to worksite enforcement," technically.

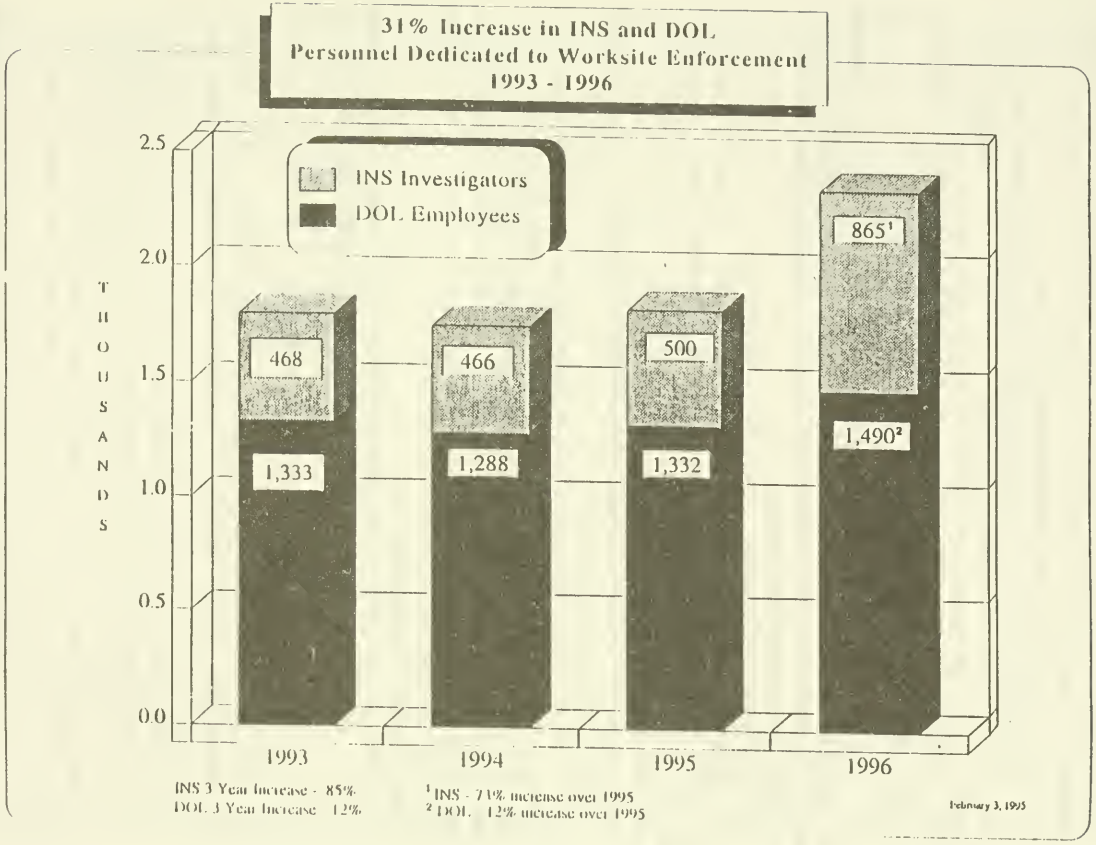
Mr. PULEO. OK. In 1994, there were 268 investigations personnel in the sanctions program. There's about an additional 100 Border Patrol agents who work the sanctions program also.

Mr. SMITH. OK. Let me—because this came from you all and was a part of the budget that you submitted, let me ask you, while I go on with some other questions, to have your staff double-check the figures because I wouldn't want you to be giving out two different figures——

Mr. PULEO. All right.

Mr. SMITH [continuing]. For those particular years.

[The information follows:]


31% Increase in INS and DOL
Personnel Dedicated to Worksite Enforcement
1993 - 1996
INS Investigators
DOL Employees
THOUSANDS
2.5
2.0
1.5
1.0
0.5
0.0
468
1,333
466
1,288
500
1,332
865¹
1,490²
1993
1994
1995
1996
INS 3 Year Increase - 85%
DOL 3 Year Increase 12%
¹ INS - 71% increase over 1995
² DOL 12% increase over 1995
February 3, 1995

Mr. SMITH. You mentioned about how important the enforcement of employer sanctions is. What percentage of the INS budget is devoted to enforcing the employers' sanctions?

Mr. PULEO. I believe it was around $22 million was investigations-only dollars were spent in fiscal year 1994 for employer sanctions.

Mr. SMITH. That's $22 million of a total budget of $1.5 billion, something like that?

Mr. PULEO. Yes, that's correct.

Mr. SMITH. OK. What percentage would that be, roughly? About 1.5 percent of the total INS budget is devoted to employer sanctions? There's a lot of mathematicians in the audience because I see them shaking their heads.

Mr. GALLEGLY. Not very much, Mr. Chairman.

Mr. SMITH. Yes. The point is that not a very large percentage of the INS budget is devoted to employer sanctions, and, again, it seems to me that that's the key way to discourage most individuals who are in this country illegally.

Why is it that such a small percentage of the budget is devoted to such an important subject?

Mr. PULEO. Well, these are the moneys that are appropriated by Congress. As an example, for fiscal year 1995——

Mr. SMITH. But have you requested more than that?

Mr. PULEO. Yes. For fiscal year 1995, we requested 294 criminal investigators for the sanctions programs.

Mr. SMITH. No, no.

Mr. PULEO. We received——

Mr. SMITH. I'm not talking about that. I'm talking about the dollar amount. You said it was $22 million. How much did you request?

Mr. PULEO. I don't have the dollar amounts. I do have the number of officers requested.

Mr. SMITH. I'm talking about the fact that it seems to be an awfully small part of the budget, if, in fact, it's considered to be very important.

The other thing I wanted to ask you about, I know the INS has a list of priorities, and on the list of priorities that I've been given, the seven categories of detainable aliens—and this is the INS list—employer sanctions is No. 7 out of seven. Again, that doesn't sound like the INS is putting a high priority on such an important subject.

Mr. PULEO. You're looking at the detention priority. You should look at the investigations program. The investigations program within the resources we have, three top priorities are fraud, employer sanctions, and criminal aliens. In the detention program, I believe the list that you're looking at, the top priority for detaining aliens in the United States are criminal aliens and aggravated felons.

Mr. SMITH. My time is up. I have a lot more questions and I'll pick those up on the next round. Let me yield now to my colleague from California, Mr. Berman.

Mr. BERMAN. Well, thank you, Mr. Chairman.

I missed several of the initial witnesses, but as I just hear the questioning on employer sanctions—maybe I'm not going to use my

time to ask questions; I'll use my time to give a speech, but I think——

Mr. SMITH. That's acceptable as well.

Mr. BERMAN. It may not be the first time it's ever happened.

[Laughter.]

Mr. BERMAN. Just hearing the chairman's questions on employer sanctions, I'm reminded of the things that Congress has done, that we have done, on a bipartisan basis as we now turn around and jump on the executive branch agencies. We talk about enforcement of employer sanctions. We put a little amendment into that 1986 bill that said, as to the biggest employer, recruiter, and utilizer of immigrants who come here illegally, agriculture, no one, no INS investigator enforcing employer sanctions can go on the field of a grower, not the home, not the business office, but the field, the farm of a grower, without a search warrant—in an extension of protection that goes far beyond the constitutional requirement and, ironically, at a time when we're seriously eroding those fourth amendment protections and things that are, in my view, constitutionally required, thereby, effectively, blocking INS from being able to check out the hiring practices of the largest institutional employer and attracter of undocumented aliens for work purposes, agricultural employers.

The other thing is, I missed the testimony, but I'm told that Ms. Echaveste, who's the Administrator of the Wage and Hour Division, spoke about the whole question of what, as we are talking about trying to do things to deal with and deter illegal immigration, we are at the same time now going through a process of rescinding funding for an area that the President has asked for a substantial increase in, and that is wage and hour enforcement. Again, when you look at the reasons why certain industries rely on, and in certain cases actually recruit, illegal immigrants, it's because you can get a compliant group of workers who will not exercise or assert the rights that they have to certain protections with respect to minimum wages and maximum hours and other kinds of Federal and State protections on working conditions. We are now at the process of rescinding how much, Ms. Echaveste?

Ms. ECHAVESTE. The subcommittee took $2.5 million from the fiscal year 1995 budget.

Mr. BERMAN. I think it goes directly counter to I think what is probably at this point a common desire to try to effectively deal with the situation. It's a common desire if we accept that while, in addition to doing stuff at the border and in addition to dealing with the serious problem of verification that we heard about here, we also deal with the magnet and the attraction and the affirmative efforts of certain elements of the employer community to utilize these people.

We created a massive new legalization program just for agriculture in 1986, and I was part of it. It was to deal with the—and it was part of the deal that made the whole bill pass at that time, and it was simply for the purposes of telling agriculture—accepting their claim that they could not survive without using illegal immigrants in their work force, by legalizing their present mostly undocumented work force. I say "mostly" meaning primarily in western agriculture and in California and Arizona and in those States

with perishable crops. I don't know, 1.1, 1.2 million people were legalized, and at the same time we still find the old patterns reemerging of not utilizing that work force, not doing what it takes to keep that work force in agriculture, but going back to recruiting and reliance on them.

I think we need to look at some of those features in existing law. I think we should do what we can to change the Appropriations Committee's mind about the rescission in the Wage and Hour Division and deal with that element of the problem, too: what are employers doing?

And I thank you for the time.

Mr. SMITH. OK. Let me say to my colleague I know that the INS has requested a substantial increase in their budget, and I feel that that's going to be supported and we can work with the Appropriations Committee on——

Mr. BERMAN. But one part of that request was directly to labor law enforcement of—one part of that was to labor law enforcement, the Wage and Hour Division, and——

Mr. SMITH. I understand that. I'm simply saying I hope we can get that corrected, and I would——

Mr. BERMAN. Oh, great. Including the rescission?

Mr. SMITH. Well, not—in this one area, certainly, we should get it improved.

Mr. BERMAN. Not the whole—I'm not asking for the rest of the rescission bill to be killed in order to allow me to vote for the earthquake relief in my district——

Mr. SMITH. As far as the INS goes or the Department of Labor, I would agree.

Let me go to the gentleman from California, Mr. Gallegly, and recognize him.

Mr. GALLEGLY. Thank you very much, Mr. Chairman.

Ms. Echaveste—is that correct?

Ms. ECHAVESTE. Yes.

Mr. GALLEGLY. Or close enough?

You address the issue of employer responsibilities, and I think we all, at least all of my colleagues that I've ever discussed this issue with, are strong believers in employer sanctions and aggressive enforcement. The question that I have is, that while we've talked about the fraudulent cards, I have one. Mr. Rasor, I obtained this from INS. So it's an illegal document, but I obtained it, through legal methods to use as an example.

I have also here a booklet that's published for the employers. It's called an Employer Handbook. It takes 35 pages to explain to an employer how he's to fill out the I–9 form. Now when you can get an ID card on the street that many INS agents can't even detect is a counterfeit, you give an employer 35 pages to explain to him that he probably isn't going to be able to figure out whether it's a counterfeit document or not, how does that employer do his job and produce nuts and bolts or make tents or food products, or whatever, and be able to do a job as a police officer, tell whether the document is fraudulent, and not discriminate against somebody that is coming before him to work?

Does the U.S. Department of Labor have a genuine interest in stopping illegal immigrants from having access to jobs in the United States?

Ms. ECHAVESTE. Let me, first, start by correcting, I think, some misinformation. That Employer Handbook is not prepared by the Department of Labor——

Mr. GALLEGLY. No, I didn't intimate that it was. I'm just saying that that's one of the impediments that an employer has to deal with, because you were seriously addressing the issue of the employer's role.

Ms. ECHAVESTE. You have to understand that when Wage/Hour does its investigations, its responsibility on employer sanctions is to review—this was pursuant to congressional action—the employer's I–9 forms to determine whether or not those forms were properly completed. That is the extent of our responsibility under employer sanctions, and we can have a long debate as to whether or not that is a proper division of labor or whether, in fact, that's the proper method of trying to enforce employer sanctions.

In terms of your basic question—is the Department of Labor seriously interested in deterring illegal immigration into this country—the answer is absolutely yes, but we have to start from the premise that jobs in this country attract workers who are desperate for work. We have never had sufficient resources to enforce the laws to the extent that would reduce the incentive of employers to hire those illegals.

You look at the industries that we have targeted in the last 2 years—agriculture, garment, janitorial—a very high proportion, I cannot give you the exact percentage, but a proportion of that work force is illegal, and it is very difficult for us to do investigations in these areas. We don't get complaints from those workers. Their concern is that if they work with us to develop information that the employer has violated labor standards—I know of one case in Sacramento involving janitorial services that, as a result of some investigative work, the employer in that business brought in some of his employees, took out the I–9 forms, and said, "You know, I think I may have to look at your I–9 form before you think about whether you should cooperate with the Department of Labor in its wage/hour investigation."

I stand by the statement that enforcement of labor standards is not the only answer. We're not here to say that enforcement of labor standards is the only way to deter illegal immigration, but it is a significant contributing factor, if we had the necessary resources. The President—in his 1996 budget—specifically asked for close to $11 million for Wage and Hour for an additional 186 investigators, plus legal staff to bring cases, that would be targeted in seven States where we have a high number of illegal workers: California, Texas, Arizona, New York, New Jersey, Illinois, and Florida. I hope his request will receive due consideration.

Mr. GALLEGLY. I can tell you from this Member's standpoint, I certainly would try to support our President on that issue.

Mr. Rasor, we talked a lot about the counterfeit documents. I saw some examples that you prepared for the chairman. Can you tell me—I know I'm about out of time, but very quickly—does your Department pursue and prosecute aggressively those that have vio-

lated the laws in counterfeiting documents like this that would provide for benefits, Federal benefits, as aggressively as you would for somebody printing $20 bills?

Mr. RASOR. Absolutely, sir. What you find in most instances is this is not a compartmentalized problem. The people that are producing false identification produce that false identification to facilitate a number of the financial crimes we investigate. Oftentimes, you will find what we consider a plant which produces counterfeit documents, producing counterfeit money, counterfeit credit cards, false identification.

Mr. GALLEGLY. Are the penalties as strict for counterfeiting an immigration card, a resident alien card, as it would be $100 bills?

Mr. RASOR. They're somewhat comparable. I would have to check exactly the statutes. You know, 1028 is the statute for false identification, and the counterfeiting statutes are covered in another section of the Code. Ultimately, I think in your sentencing guidelines, things of that nature, the penalties for producing counterfeit money are more severe than producing false identification.

Mr. GALLEGLY. Thank you very much, Mr. Chairman. It looks as though Mr. Rasor has job security.

[Laughter.]

Mr. SMITH. The gentleman from California, Mr. Becerra, is recognized.

Mr. BECERRA. Thank you, Mr. Chairman. I appreciate the fact that you are holding this hearing to get a better feel for where we need to go in the immigration issue.

Let me begin—and I'm going to try to be as succinct as I can, so I can get some succinct answers and ask as many of my questions as possible in the little time that I have. Mr. Rasor, let me begin with you.

If I gave you the task of in a short period of time—and I won't define "short" other than to say real soon, within the next or so—and with limited dollars, you were asked to come up with a plan to try to really get us to cut down on document fraud and abuse, what would be, say, the two or three components that you would recommend that we most explore in trying to do that?

Mr. RASOR. Well, I would say, of course, the qualifier of small amounts of dollars may not be practical because what you're doing is investing in the future. You have to put a little water in the well, the pump, to get it to work, but probably the most significant point that I would make is that the reliance, as I mentioned before, on visual identification, and assuming that that card or document is supported and is genuine, that notion has to be changed. There has to be a tie-in between that document and the individual.

Mr. BECERRA. Give me the specifics, and quickly, if you can.

Mr. RASOR. Well, OK. Very quickly, there are a number of technological formats available today. One would be to have built into the identification that only the individual would contain, not a data base built somewhere else, biometric identifiers that could be used at the point of sale or point of purchase where you could verify that that card and that individual are genuine.

Mr. BECERRA. Is that, for an example, a fingerprint?

Mr. RASOR. Yes, that would be the AFIRM or the APHIS system that California is currently using. I mean, that's foolproof. I mean, that solves your problem in reliance on identification.

Mr. BECERRA. To the degree that the person that gave the fingerprint gave accurate information when applying for that fingerprint authorization. So if I say I'm Joe Smith and I give a fingerprint, it's going to identify me as being Joe Smith, even though I may be Xavier Becerra. So you have to still make sure that the underlying identification that was made to obtain that fingerprint ID is accurate, too.

Mr. RASOR. Sure, but keeping in mind that those systems are not really designed to identify you as an individual by name; they're designed to prevent reoccurrence into the system of numerous attempts.

Mr. BECERRA. Understood.

Mr. RASOR. So there's a big difference——

Mr. BECERRA. Understood.

Mr. RASOR [continuing]. In that philosophy and thought process.

Mr. BECERRA. Sure. Biometric identification—any other things that you would recommend, any—maybe one more thing or two more things that you'd really want us to explore? If you were to give us the guidance, what would you say we should be spending our time and scarce dollars in trying to resolve this whole issue?

Mr. RASOR. Sure. I think that it would be futile to recommend additional qualifiers on the visual documents because, as we represented to you through the examples, basically, anything that is genuine today can be replicated through desktop publishing and computer enhancement processes. So spending time and efforts in trying to upgrade old systems probably is not where we want to be for future prevention and proactive activities.

So you asked for two or three. I'm giving you the one that solves the problem, but in a number of different levels. You don't need data bases that identify individuals en masse. You can have all of that information incorporated and put in the possession of the individual himself, where nobody else has it, but it triggers access into a system, and that's what I would say.

Mr. BECERRA. We may, at least I may be interested in following up with you on that particular suggestion a bit more because you were able to give us just one idea, and it may be something worth pursuing.

Ms. Echaveste, let me ask you a few questions. I know that DOL, for quite some time, has been trying to pursue all sorts of Labor Code violations in the past. We're talking specifically about violations as they relate to the legal immigrant population or the undocumented immigrant population. What's the size of the work force you have, again, real quickly, to deal with the issue of work verification?

Ms. ECHAVESTE. Wage/Hour enforces laws that apply to close to 110 million workers, 6 million worksites. We have 800 investigators throughout the country, and as part of our compliance activity, in every single investigation or limited investigation where we inspect the records of the employer, we always look at their I–9 forms, but I think that kind of tells you the scope of the problem.

Mr. BECERRA. The Congress is in the process of a rescission package which includes some cuts to the Department of Labor. Can you comment on that?

Ms. ECHAVESTE. As I said earlier, the cut for Wage and Hour is $2.5 million. It would result in approximately 15 percent fewer compliance actions in key industries such as agriculture and garment. We estimate that, as a result of those fewer investigators and fewer investigative activities, we would not recover close to $6 million in back wages due to workers in this country.

Mr. BECERRA. I see my time has expired. Thank you, Mr. Chairman.

Thank you all.

Mr. SMITH. Let me follow up with one question that might clarify Mr. Becerra's last question. That is, as far as the number of personnel dedicated to worksite enforcement by the Department of Labor, I've got the figure 1,288 in 1994 and 1,332 in 1995.

Ms. ECHAVESTE. That's total Wage and Hour personnel, but actual investigators is approximately——

Mr. SMITH. I realize they do more than just enforce——

Ms. ECHAVESTE. Right.

Mr. SMITH [continuing]. Employer sanctions, but they ask, for instance, for the I–9's when they're at the worksite.

Ms. ECHAVESTE. Exactly.

Mr. SMITH. OK, thank you.

Let me go to the gentleman from Florida, Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

Is it Ms. Chater? I got it pronounced correctly. Thank you.

You indicated in your testimony that I believe that employers can call in today to verify Social Security numbers.

Ms. CHATER. Yes.

Mr. MCCOLLUM. I'm curious to know what expense, what additional resources, would be required for Social Security if we by law mandated that an employer call in to verify Social Security numbers every single time a person came forward to seek employment with them. How much more would it cost you? Could that be done? Have you thought about it and looked into that?

Ms. CHATER. We had a pilot study some years ago just to see how effective that very idea would be, and it was, indeed, very effective for employers to call and verify the number. If we were to ask every employer in the country to do that in a mandatory way, it would, of course, be exceedingly expensive and put tremendous pressures on our 800 number, which is already under a lot of pressure to do all of the work that Social Security does.

For example, we have 6.4 million employers in this country, and if all of them were required to call the 800 number for verification of every employee, it would be an extraordinary workload. The exact figure——

Mr. MCCOLLUM. Have you looked into the systems used today by merchants to check cards that are presented to them, you know, charge cards? Every time we go to buy something today in a restaurant, or wherever, a check is done immediately for verification. That is, undoubtedly, a telephone check of some sort, but it's automated. Is your system automated like that or is the 800——

Ms. CHATER. Yes, it is.

Mr. McCollum [continuing]. Number a person? It's automated?

Ms. Chater. Yes.

Mr. McCollum. So you still have—you'd need to do another study to determine how much, but the cost would be significant, I presume, to do what I suggested?

Ms. Chater. If it covered every employer in the United States——

Mr. McCollum. All right.

Ms. Chater [continuing]. It would be very costly, and, yes, we would have to do that breakout for you.

Mr. McCollum. All right. Suppose that, instead of going—you've indicated in your testimony—you didn't say it verbally to us, but I read it here—that it would cost, you estimate, between $3 and $6 billion to issue new ID cards, new Social Security cards, with, I presume, photographs or fingerprints on them, or some type of more secure cards. Suppose that, instead of going back and starting from ground one, you started with a certain age group, say 16 or younger. Once anybody reaches a certain age, they'd have to come in, get a card—as any new applicant would come in. I presume that cost would be significantly less than the $3 to $6 billion figure that you gave, although it would still be a significant factor; is that a fair assumption on my part?

Ms. Chater. Yes. Of course, it would be less than that. Also, that cost depends on whether we would put a fingerprint or some other sort of a biometric identifier on the card. And to the extent that we would have to not just issue cards to a particular age group of, say, 16 and above, but to reissue a second card for people who lose them, and so on—so, yes, of course, we could do any age group and start somewhere. The difficulty, of course, is that there are still Social Security cards out there, other people and other numbers, that could be utilized fraudulently.

Mr. McCollum. Well, no, I'm aware of that. What I'm getting at is a thought pattern that goes this way: perhaps maybe, with the expense involved in this, we should start somewhere. And maybe we should start with the position that if we can create a much more secure biometric Social Security card, one that really could be used into the future, we could get started doing that with a telephone verification system that says, if that card is produced, that's all the employer ever has to have in the way of identification produced for them. If they follow that step, and if that card is verified, that would be satisfactory, and that would be all a person has to produce. That, however, wouldn't solve the entire problem, but it would begin the process over a period of time of eliminating even the three or four or five that maybe we're going to come down to in this session of Congress to say you can use for these various purposes, also become something Mr. Rasor, I would hope, could ultimately see.

Now maybe we ought to be going the driver's license route instead of your Social Security card. I don't know, but I'm interested in exploring this, and I would hope that perhaps we could see some studies or some examination of that on the Social Security Administration's part.

Mr. Rasor, I'd like to ask that question of you. You've indicated to Mr. Becerra's questions that you need that biometric on the per-

son's identification, but would it not help to have the telephone check of a number like Social Security or, for that matter, a driver's license, an automatic check to see if, indeed, in some bank somewhere the card that's being produced is real and matches up with a number? It might not prove that person is who he says he is; he might have faked a real number and a real person, et cetera, but with a picture ID with the fingerprint and with a check into a bank somewhere, wouldn't that be the most secure method of going about this process?

Mr. RASOR. Yes, sir, in theory, as a law enforcement agency, we would support, within the limits of what's practical, the ability for people to check existing systems before we move into new systems. So I would have to agree with the principle of what you're saying. However, I don't know what the limitations would be relative to implementing something like that.

Mr. MCCOLLUM. But an AFIRM type of system adapted toward a Social Security card or a driver's license nationwide would probably be the most secure method of dealing with this problem, based on what you've said; is that not true?

Mr. RASOR. Yes, sir. We've found, of course, technology and criminals tend to blend what you say today into—you can never say never anymore. I mean, what we, basically, say today is that, based on the technology that's available and based upon what we know about the sciences, that a biometric APHIS-type system is considered somewhat foolproof. It's certainly considered foolproof in a court of law relative to fingerprint identification for criminal cases.

Mr. MCCOLLUM. It's going to be a heck of a lot better than what we've got now. Maybe in the future we'll have to develop something even better. I understand what you're saying——

Mr. RASOR. Yes, sir.

Mr. MCCOLLUM [continuing]. But I'm just trying to explore what we might realistically set some policy to move in the direction of.

I know my time is up, but my main concern here today is that we don't have a real firm direction. Even though we're soon going to see some legislation that will improve this, as suggested by the administration, I believe and even though we've been working on some legislation, we need a plan. We badly as a nation need a plan, and we need to go about implementing that plan in some realistic method. We can't afford all the money right now that Ms. Chater said it would take to get everybody a new Social Security card that's foolproof, but we need to have a plan.

I yield back, Mr. Chairman.

Mr. SMITH. We'll go to the gentleman from North Carolina, Mr. Heineman.

Mr. HEINEMAN. Thank you.

Thank you for being here, Mr. Puleo, again.

Mr. PULEO. Thank you.

Mr. HEINEMAN. I agree with my colleague from Florida, Mr. McCollum, especially in light of the current status of the peso and what perhaps we may be looking forward to in the very near future as far as illegal immigration and legal immigration. I would characterize the very near future as an emergency as it relates to identification and verification.

Ms. Echaveste, did I hear you say that some of the Department of Labor standards investigations have been handled in the past by INS?

Ms. ECHAVESTE. No, no. What I was referring to is that employer sanctions, as passed through Congress, placed the primary responsibility of pursuing employers and enforcing sanctions against employers on INS, but since Wage and Hour and the Office of Federal Contract Compliance are agencies most likely to visit employers—it determined that those agencies should also share some of the responsibility. That responsibility is to establish that an employer has made an effort and has complied with the requirements of employer sanctions; that is, that as a new employee is hired, that the employer verified, through reviewing documents, that the employee was entitled to work in this country. As Mr. Puleo has indicated, there are proposals to reduce the number of documents that an employer should look at to verify that an employee is legally entitled to work here.

But the Department of Labor's responsibility is to look at the I–9's form. So it's a limited responsibility. When we see an employer that hasn't properly filled out the form or there appear to be missing forms, we refer the matter to INS for further action.

Mr. HEINEMAN. Do you feel comfortable with that?

Ms. ECHAVESTE. There, I think——

Mr. HEINEMAN. I'm going to ask Mr. Puleo if he feels comfortable with that, too.

Ms. ECHAVESTE. There is no question that the current method of enforcement is inadequate, and it really needs to be looked at.

Mr. HEINEMAN. Thank you.

Mr. Puleo, do you agree with that?

Mr. PULEO. I agree that we do not have the resources to fully enforce the employer sanctions provisions of the law. We recently entered into an MOU with——

Mr. HEINEMAN. And what's that, if you don't mind?

Mr. PULEO. Pardon me?

Mr. HEINEMAN. An MOU?

Mr. PULEO. Memorandum of understanding with the Department of Labor to work jointly with regard to the sanctions program, and it's really a little too early for us to make a decision on how that's working, but we agree that working together is the best method of enforcing the law.

Mr. HEINEMAN. Thank you.

Mr. Rasor, just one question.

Mr. RASOR. Yes, sir.

Mr. HEINEMAN. Have you been able to identify whether there's an offshore industry for counterfeiting these documents?

Mr. RASOR. Well, I'll tell you, no, not specifically, sir. What has changed dramatically—and I really need to emphasize this—is that no longer is it the old plant concept that we really used to look at. The computer-generated desktop publishing happens in apartments and homes and a multitude of locations throughout the country. So because of the technology today, you can set up a computer in the back room of your house and print all kinds of documents all day long. So it makes it very difficult to look at that old plant concept

and the manufacturing features that we used to go after in these types of cases.

But, specifically, on your question, it's probably produced offshore domestically anywhere that the need or the want arises; it certainly can be done, sir.

Mr. HEINEMAN. Thank you, sir. I have no more questions.

Mr. SMITH. The gentleman from Tennessee, Mr. Bryant, is recognized.

Mr. BRYANT of Tennessee. Thank you, Mr. Chairman.

Mr. Puleo, I'd ask you; perhaps your agency deals closest with the Department of Justice, I guess, attorneys, Attorney General, and so forth. Listening to Mr. McCollum talk about the number of documents that one could use to verify identification and eligibility for employment, I understand there are something like 29, and maybe we're going to reduce that. I understand the Attorney General has that power to enlarge or reduce the number of documents.

Is there any—given the ability to duplicate in a fraudulent manner that's out there, is there any reason why we shouldn't substantially reduce the number of documents down from 29 and attempt to try to make this more manageable?

Mr. PULEO. Well, you're correct; within the Attorney General's powers, we propose reducing the number from 29 to 16 the number of documents. To go further, we would require statutory authority. There are certain documents that are specified by statute. In the legislation that we're proposing, we will request a reduction of those documents by statute.

Mr. BRYANT of Tennessee. That would be from 29 to 16?

Mr. PULEO. No. By regulation, we can now govern to 16.

Mr. BRYANT of Tennessee. OK.

Mr. PULEO. To go further than 10, we need statutory authority, and we will be requesting that authority from you.

Mr. BRYANT of Tennessee. And what would you recommend down from 16?

Mr. PULEO. We're looking at probably about six.

Mr. BRYANT of Tennessee. About six? And what would those be, just if you know?

Mr. PULEO. Well, the documents that INS has used we would ask to go down to two, the so-called green card, the I–551, and the employment authorization document. That covers the two areas that we have responsibility permanent residence and nonimmigrants that we have allowed to work in the United States.

The others would be for citizens, and you can have a passport, Social Security card, driver's license, whatever, a State identity card. There would possibly be four of them that you would use.

Mr. BRYANT of Tennessee. Just for my own information, anyone on the panel, just a quick answer, don't you have to, if you're a citizen, don't you have to have a Social Security card to work?

Ms. CHATER. Yes.

Mr. BRYANT of Tennessee. Could we narrow that down for citizens to one, one card?

Ms. ECHAVESTE. And legal residents as well.

Mr. BRYANT of Tennessee. What about someone else, a green card, would that suffice for the immigrant——

Ms. ECHAVESTE. You would still need a Social Security—a green card is for a legal resident. So you still need a Social Security card to work.

Mr. BRYANT of Tennessee. We still go back to the Social Security card——

Mr. PULEO. Let me try to address that. If you look at the I–9, there are three columns in the I–9. The first column provides both the identity and the authority to work in the United States. The employment authorization document and the green card are there because they have biometrics on it to identify the individual and they give the authority to work. Permanent residents can work in the United States; they need the Social Security card to get the benefit, but to satisfy the requirements of the I–9, all you need is the green card or the EAD. If you do not have either one of those documents, you have to go to the other columns. The B column gives you the identity factor, and the C column gives you authority. So if you have a driver's license, as an example, that has the biometrics on there, you need a Social Security card. However, if you have a passport, you don't need either one of those documents. So it's best for us to use the column A documents because it gives you both identity and authority.

Mr. BRYANT of Tennessee. Let me ask you something else on another subject in terms of the IRCA provisions which prohibit discrimination. I've—in reviewing some figures in terms of I understand this is the counterbalance to—why it's in there—to employers perhaps being overly zealous in enforcing the law by not hiring people who perhaps they should hire, but the numbers I see since, as of September 13, 1994, of some 3,410 cases of alleged discrimination, some 3,400 cases of alleged discrimination that were closed or actually handled, only about 340 were settled with some remedy for the alleged victim, and 84 resulted in complaints which have yet to be finally adjudicated, roughly, one-tenth, 1 out of 10. Would that suggest to anyone, I guess—well, Mr. Puleo—that we might need some modification of the law in terms of discrimination, so that an employer doesn't have to walk that tightrope so closely in terms of trying to balance whether he's being overly zealous or not zealous enough? I mean, if 1 out of 10, apparently, are legitimate, is there something we can do legislatively to perhaps loosen the standards where they folks can be—because what we're looking for, if we're going to tighten it up, we've got to have, I think, an employer who's not going to look the other way or who's not going to be scared that he's going to be sued, and perhaps do what he should do.

Mr. PULEO. We believe that the difficulty of the documents that are currently used for employment in the United States is the main—one of the main reasons possibly for discrimination. The Office of Special Counsel in the Department of Justice is the one who provides you those figures and handles those cases. For us, we think that to make it easier for the employee and the employer to comply with the sanctions provision is to reduce the number of documents and have a data base behind that can verify information. And if, plainly, those are available to both, it should reduce discrimination in the workplace.

Mr. BRYANT of Tennessee. How far can the employer go in testing the legitimacy of the document? I understand that they can't delve very deeply at risk of possibly a suit or an allegation of discrimination. Can you go beyond the document itself and question, ask for other things for verification?

Mr. VAILLANCOURT. No. Basically, it has to be a good-faith effort to look at the document and on its face it's got to be relatively a bona fide document, and that's as far as they can take it.

Mr. BRYANT of Tennessee. Is there some relief there perhaps that we could accomplish legislatively?

Mr. VAILLANCOURT. If they're participants in a telephone verification system, then they can actually use a point-of-sale device and verify the information on the document. Other than that, basically, they just look at the document. If it looks reasonably on its face is accurate and bona fide, that's as far as they can go.

Mr. BRYANT of Tennessee. But if it doesn't, let's—I know my time is up, but if it doesn't, if it looks——

Mr. VAILLANCOURT. Well, there's a class action lawsuit, Salinas Painter, that prohibits them from prescreening. So our hands are basically tied.

Mr. PULEO. And that's why we're trying to improve the document, the employment authorization document, so we can use a point-of-sale device.

Mr. BRYANT of Tennessee. Thank you, Mr. Chairman.

Mr. SMITH. All right.

Mr. Puleo, in response to Mr. Bryant's question a minute ago, you said the INS would like to reduce the number of authorized cards to six, but you need legislative authority to do that.

Mr. PULEO. That's right.

Mr. SMITH. I think that was a significant answer that you gave him, and we'll certainly try to help you out in that regard.

Mr. PULEO. Thank you, Mr. Chairman.

Mr. SMITH. I'd like to go back to a couple of graphs and charts that I've been given. You now have this one in front of you, I think?

Mr. PULEO. Yes, I've seen the chart. This is the first time I've seen the chart. The numbers differ from the information that I have with me now. I can give you the exact number of investigative personnel, supervisors——

Mr. SMITH. This is what the INS submitted when it made its budget request, which is what we have to go off of.

Mr. PULEO. And one of our staff is verifying that now.

Mr. SMITH. OK. The other chart I have here is called "Employer Sanctions Activity," which is also from the INS. Do you have that in front of you now?

Mr. PULEO. This one here?

Mr. SMITH. Yes.

Mr. PULEO. Yes.

Mr. SMITH. I have a couple of questions in regard to those two charts, and I want to direct your attention to them. The first is that it looks like to me, when you go by the number of INS investigators and the number of the Department of Labor employees dedicated to worksite enforcement, that you've got virtually a level number 1993, 1994, 1995, and it's only 1996 that there's a significant projected increase. The label on the chart says, "31 percent in-

crease in INS and DOL personnel dedicated to worksite enforcement," but the first budget over which this administration had control, which is the 1994 bar graph here, the number of investigators and employees actually went slightly down, and then it's fairly level through 1995, and then they projected in the 1996 request it suddenly shoots up. Now that looks suspiciously like an election eve conversion to me, and there's nothing wrong with that. That's better than no conversion at all, and we'll certainly try to give you the money, get you the money for that.

But, again, considering your statement that the INS considers it to be such a high priority, I'm surprised, one, that only about 1.5 percent of the budget of the INS is dedicated to employer sanction enforcement; and, further, that there's been no significant increase for the last 3 years. But I guess what you're doing is pointing to the future and saying, look, we're going to be doing better now, but I'm disappointed that it hasn't been better before.

Mr. PULEO. Well, as I said, Mr. Chairman, for fiscal year 1995, we did request 294 positions——

Mr. SMITH. Right.

Mr. PULEO [continuing]. Of which we received 46.

Mr. SMITH. Right. OK. Your heart's in the right direction; I wish—we'll see if this Congress can do better than the last couple of Congresses for you.

Mr. PULEO. We would appreciate that.

Mr. SMITH. As far as the employer sanctions activity goes, I'm going to go with the figure on the graph that we've been given, that you've got approximately a hundred and—I mean, excuse me, approximately 500 INS investigators. Well, actually, in 1993—yes, you've been about 500 for the last couple of years.

On this chart, you've got total number of cases in 1993 being 8,000; is that correct?

Mr. PULEO. Eight thousand three hundred and ninety.

Mr. SMITH. Right.

Mr. PULEO. Yes.

Mr. SMITH. Now if you have 500 investigators, that comes out to about 16 cases per year that each investigator handled. When you go down to number of arrests, you've got 12,000. That means each investigator, with all their backup and everything else, was responsible for about 24 arrests during the entire year; is that correct?

Mr. PULEO. As I said, the numbers that I have for the number of officers dedicated to the employer sanctions is less than it shows on the chart, and since you're basing your figures on the higher number——

Mr. SMITH. That's the realm of the real world here.

Mr. PULEO. Right.

Mr. SMITH. We're not talking about anything substantially less than that.

Mr. PULEO. Right.

Mr. SMITH. Why is it—and there may be a perfectly good explanation, but it seems to me that your investigators, with all the support they have, would be doing better than processing 16 cases per year and making 24 arrests on the average. Those seem like low figures to me. What's the explanation?

Mr. VAILLANCOURT. Well, you have a situation where you might have some cases with the larger companies that are very complex. You're talking reviewing hundreds and thousands of I–9 forms, and, basically, those do not include the general administrative plan cases.

Mr. SMITH. I would think in the case of the larger companies, the ones with the most employees, that that would be reflected, for instance, in the number of arrests; that would sort of be factored in. If they were large companies, there might be more arrests, more individuals deported.

Mr. VAILLANCOURT. Basically, we—depending on our bed space availability, these people would not be incarcerated. We, basically, try to use the bed space for——

Mr. SMITH. OK. How many worksites a year are visited by the investigators?

Mr. VAILLANCOURT. I'm sorry?

Mr. SMITH. How many worksites a year are investigated—are visited by the investigators?

Mr. VAILLANCOURT. Offhand, I'd say approximately about 3,000.

Mr. SMITH. So that comes out to only six sites a year are visited by an investigator on the average?

Mr. VAILLANCOURT. A lot of it depends on what competing priorities we have. To give you an example, sometimes our resources are shifted to emergent situations, like Chinese boats——

Mr. SMITH. These investigators are supposed to be enforcing employer sanctions. I'm simply saying that, if they're investigating on the average of six businesses a year, that seems to me a low figure. It seems to me that the figure should be a lot higher, given the amount of time and given the mandate of those investigators.

Mr. VAILLANCOURT. The six business sites, basically, would not include the general administrative plan cases, where that involves approximately 2,000 sites.

Mr. SMITH. You either need more personnel or you need more active investigators; I'm not sure which at this point.

I'm going to go to the gentleman from California, Mr. Becerra.

Mr. BECERRA. Thank you, Mr. Chairman.

Let me pursue this a bit more because the last time I visited the INS office in Los Angeles I asked that question. Actually, I was kind of surprised, as I recall, when I spoke to the investigators, they said they were so strapped with the workload that they already had in trying to pursue the investigations for those premises that they had visited that they had to, in essence, let a lot of new calls coming in to investigate wait because they had to process through—in other words, finish the work on those pending investigations. I understood that the area covered by the folks in Los Angeles was one which covered hundreds of thousands, if not millions, of employers.

Is the job of the investigator to be out in the field or does the investigator also have—the inspector also have the responsibility of processing the administrative portion, the paperwork portion, of that investigation?

Mr. VAILLANCOURT. Unfortunately, due to the lack of support personnel, the investigator oftentimes does end up processing, and there is quite—it's paper-intensive, to say the least.

Mr. BECERRA. Is the INS requesting in its budget any additional funding for the support personnel, so we can get the investigators out in the field and away from having to do the paperwork that someone else could process for them?

Mr. PULEO. Yes. For 1996, the positions we're asking, we're asking for 56 support personnel.

Mr. BECERRA. So you're asking for 56 additional support personnel?

Mr. PULEO. Right.

Mr. BECERRA. What's the cost on that, roughly?

Mr. PULEO. I have the total cost. I couldn't give you—it's $51 million, I believe, $51.2 million for the entire sanctions fraud program.

Mr. BECERRA. How much was that?

Mr. PULEO. Fifty-one point two.

Mr. BECERRA. OK. I don't work with INS—go ahead.

Mr. VAILLANCOURT. Can I mention something? We're also adding a lower graded officer, 1,801 position, which basically will free up the other investigators, the more experienced investigators, the higher graded investigators, to do the more complex cases, and that's something we're working on.

Mr. BECERRA. Let me ask a question which is sometimes difficult for folks that come before us to testify to as complete as perhaps some of us would like from this side, and that's the question of, are you asking for what you really need? In other words, are we in a year or two going to find that you still have investigators that are working way up here, way beyond their capacity, because they're still strapped and they don't have the support personnel and are still not being used as efficiently as they should?

Mr. PULEO. Well, the target for 1996 is those seven States, the seven large States. We believe that this is adequate resources, if you're targeting those specific States.

Mr. BECERRA. So the moneys will be targeted so that these new hires, investigator hires and support personnel, will go into those seven States where you're going to try to concentrate some of your activity?

Mr. PULEO. That's correct.

Mr. BECERRA. OK. So, then, would it be fair to say that you think you're requesting what you really need, the resources you need to do the job right?

Mr. PULEO. Based on the information we have now, we believe it's correct. In fiscal year 1995, we have a test in two cities, New York and Los Angeles, where we're using the 46 positions that were appropriated and we're testing the differences between having a telephone verification system in Los Angeles and not in New York. So as we go through this experiment, we, hopefully, will have better data, either to substantiate our basis for this request or to come in for additional officers.

Mr. BECERRA. A couple more questions, if I may. Mr. Puleo, let me continue—shift a bit. One of the concerns I've expressed—and I know a number of other folks have expressed in the past—is the whole issue of discrimination that results. Obviously, most employers hate to deal with the burden to begin with of having to somehow verify whether an individual is entitled to work or not, but the law now imposes that obligation upon him or her. What of the

issue of the case where, as we have seen in the past in some cases that have been taken by the Office of Special Counsel with the Department of Justice, employers have discriminated, whether it was a mean-spirited discrimination, but, nonetheless, a discrimination against an employee who may have lost the opportunity to work for that employer because he or she looked, sounded foreign-born and may not have been an immigrant legally here or a citizen entitled to work? What's being done within the INS, the Office of Special Counsel, Department of Justice, as far as you know, to deal with the issue of discrimination that may occur, does occur, as a result of the employer sanctions laws?

Mr. PULEO. On INS's part, we're looking at reducing the documents to make it less confusing, both to the employee and the employer. So that the employee would have a firm basis for justifying that they are, in fact, entitled to work here in the United States. As far as the Office of Special Counsel, I'm not aware of anything special they're doing, but I would hope they would continue to prosecute those employers who do, in fact, discriminate against the employees.

Mr. BECERRA. Mr. Chairman, if I may ask one last question, I'd like to direct it to Ms. Chater. This whole issue of document fraud and how we finally resolve it, it's such a thorny issue. In the two, two and a half, or so, years that I've been in Congress I've not found anyone who can tell me exactly how we do it, how we come up with an absolutely fraud-proof ID card. I also understand there's a big problem in trying to deal with the issue of trying to verify legal immigrant work authorization or eligibility because you somehow have to interface the data that the Social Security Administration has about name, ID, and so forth, with the information that the INS has. I understand that the data bases at this stage can't just be combined or can't speak to each other directly. What is being done, if anything, to address that issue, but, more importantly, what's involved and how much will it cost to do that?

Ms. CHATER. One of the things that we have actually begun to plan, in cooperation with our colleagues in INS, is a pilot study that really represents a two-step process that would, I think, take care of many of the problems of discrimination. For example, the two-step process would utilize verification of a Social Security number by the employer with SSA. If SSA records indicate the individual is a citizen, all the employer would have to do is verify that the employee's name matches the Social Security number according to our records.

If we had information in our data base, for example, that said that we needed to have citizenship or alien status and work authority verified for that person we would then advise the employer to verify with INS what the status of that person is in terms of work eligibility. So the first step could be the only step, but the second step would enable the employer to verify worker eligibility for sure.

The advantage we see to this pilot is that all of these documents about which we speak wouldn't have to be utilized, and this process would apply to all employees. It wouldn't discriminate or differentiate one set of employees from another. So, as a result of the Jordan Commission's recommendation, as a result of this administra-

tion's desire to put these pilot projects in place, we have an interagency cooperative team working to put these pilots in place and test them out over the next months.

Mr. BECERRA. Let me make sure I understand, and I think what we're talking about here now, Mr. Chater, is having a system where everyone who's seeking employment—citizen, legal resident, eligible to work, or otherwise—must show the employer the Social Security card.

Ms. CHATER. Correct.

Mr. BECERRA. And then, if there's a match, they're saying, yes, that is your card, that this is you; this is John Smith who is listed on this card. If the information fed back to the Social Security system in verifying that person with that card says you also now need to check to find out if this person who is not a citizen but a legal resident and is entitled to work is, in fact, here with authority from the INS to be in this country—so the next step would be to check with the INS?

Ms. CHATER. That is correct.

Mr. BECERRA. So under that system, I understand what you're saying. We would reduce the number of cards we need to perhaps one and in some cases two, but we still have to make sure that those cards were received through authentic information.

Ms. CHATER. Yes.

Mr. BECERRA. And we still have to make sure that the data bases both of the Social Security system and of INS are clean. As I understand it, there are a lot of flaws in the two systems and errors, and you have to clean out a lot of the deadwood. So we're still talking about two systems for verification, data systems, that provide accurate information. So we don't end up denying someone an opportunity to work. And, two, you have to make sure that the information being provided as the verification or the document was received properly by that individual and wasn't fraudulently received?

Ms. CHATER. Well, that is a very important point. Yes, you're correct. Now it is true that the two data bases at the moment are not set up to be compatible. The Social Security data base is accurate. It's updated every single night, and we feel with a great deal of assurance that the information there says that a person's name goes with a particular number. The INS data base, I will defer to my colleagues to discuss that.

But as we work through these pilot projects, we may be able to figure out how to get the two data bases to talk with each other. You see, ours are filed by Social Security number. INS, I believe, files theirs by work number or authorization number. So we can't at the moment speak to each other.

Mr. BECERRA. Thank you so much.

Mr. SMITH. Ms. Chater, on the way to Mr. Gallegly—are you saying, then, that the Commission on Immigration Reform's suggestion for a national registry can be made to work?

Ms. CHATER. I'm sorry?

Mr. SMITH. The Commission on Immigration Reform suggested a national registry that would involve a check with Social Security and INS. Are you saying that such a suggestion could work?

Ms. CHATER. Well, if the person has a Social Security card that doesn't say you can't work, then you can work.

Mr. SMITH. Right, right.

Ms. CHATER. It is an authorization——

Mr. SMITH. I'm just talking about the registry idea proposed by the Commission on Immigration Reform. Everything I've heard you say is that that could work; that could be made to work.

Ms. CHATER. Oh, it could be made to work, given the outcome of our pilot.

Mr. SMITH. Thank you.

I'll go to the gentleman from California, Mr. Gallegly.

Mr. GALLEGLY. Thank you, Mr. Chairman.

Ms. Chater, let's back up from the pilot program for a moment and go back to your earlier comments when you were making reference to what Social Security can do and what they can't do as it relates to identification with a card. You can verify that the card has a legitimate number with a corresponding name; is that correct? The employer can pick up the phone and say: Does John Jones have Social Security number such and such?

Ms. CHATER. That's correct.

Mr. GALLEGLY. We have that information? You did say, though, that there are many things that you can't do, like verify whether that's really John Jones that has the card. Can you, or is your computer system set up to verify whether John Jones with this Social Security number may have employment at five or six different places with the same Social Security number and the same name?

Ms. CHATER. Yes. If we go into our computer and see that one person has two numbers, we can find that out and correct it.

Mr. GALLEGLY. So if I'm an employer at XYZ Construction Co. and John Jones comes in and I call you, do you automatically check to see if that number is being used somewhere else as well?

Ms. CHATER. I believe so. We're very interested in knowing how many people out there have more than one number, and some do, but for very specific reasons.

Mr. GALLEGLY. I'm not only thinking of a person that has more than one number—of course, that was the next question—but how many people are using the same number. In other words, if I'm not here legal——

Ms. CHATER. Oh, yes, we would know that.

Mr. GALLEGLY [continuing]. Or if I want to give my card to somebody else and say, there's no picture, or whatever, and you go on file, and then you can claim the maximum number of dependents, which means you have no withholding. At the end of the year you file no income tax return, and there you are. Now that gets into another issue about why we can claim more dependents than we really have without triggering something. I think it goes up to six or seven, and maybe that's another question for another day.

On the pilot program that we've talked about, No. 1, do you see any cities or areas like southern California or Texas or Florida really vying to be a participant in this pilot program?

Ms. CHATER. We are going to target those States, some of the States that you mentioned, and we're asking for volunteer employers to be part of this pilot project.

Mr. GALLEGLY. In other words, you wouldn't make it an entire area that would be subject to this, like all of Los Angeles County or all of southern California or all of San Antonio? You would just have certain employers that would participate?

Ms. CHATER. We're asking for volunteer employers at the moment. Now I also have to tell you that the actual protocol for handling these pilots has not yet been determined. Our interagency group is working out how to do it, where to do it, how much it would cost, and so on.

Mr. GALLEGLY. But rather than having random employers in an area that some employers would be participating in some wouldn't, wouldn't it make more sense to have one geographic area, so that everyone would be participating, because that way you'd find out how it works in interfacing folks that wouldn't otherwise go along with it, because that's what you're going to have if you go to a universal program? And then, of course, that being the case, what kind of an effect would that have on the surrounding areas by those that had otherwise been participating illegally?

Ms. CHATER. That's a very good suggestion, and we'll take it under consideration.

Mr. GALLEGLY. OK. Thank you, Mr. Chairman.

Mr. SMITH. The gentleman from California, Mr. Bono.

Mr. BONO. Mr. Chairman, I just arrived. So at this point I don't—I'm not sure about what I would be asking and what has already been said. So are you going to go on for a while with this panel?

Mr. SMITH. Actually, we're going to move on shortly to the next panel.

Mr. BONO. OK. Well, then, I'll pass because I think I just caught the last car on this train.

Mr. SMITH. OK, we'll be back for more questioning——

Mr. BONO. OK.

Mr. SMITH [continuing]. On another panel in just a minute.

Mr. Heineman, the gentleman from North Carolina.

Mr. HEINEMAN. I have no question, Mr. Chairman.

Mr. SMITH. Before we move on to the next panel, I am going to ask one more question of Mr. Puleo. This goes back to something I read, actually, I think the first time in a newspaper article. When an investigator goes to a worksite to check if an employer is complying with law in regard to employer sanctions, as I understand it, the INS gives that employer 3 days' notice before they're going to arrive, and, furthermore, has to get permission from the employer before they interview any employees; is that the case?

Mr. PULEO. That's correct, unless we have known information that they're, in fact, illegal aliens and we can get a warrant——

Mr. SMITH. If that's the case, where is the deterrence? Why should an employer comply and make any effort to fill out the I–9's when they figure they're going to have 3 days' notice or they can say to an individual, "Hey, the INS is showing up in 3 days. Why don't you take a day off?" Where is the deterrence?

Mr. VAILLANCOURT. You still have the deterrence. If you have a lead that there's unauthorized workers on the premises, then you would actually go in with a warrant. There would be no 3-day notice.

Mr. SMITH. I see. So that's helpful.

Would you make a calculated guess as to the percentage of illegal aliens you feel use fraudulent documents?

Mr. PULEO. Maybe I can ask my expert from my Fraudulent Document Lab——

Mr. BECERRA. I think folks have a better chance of winning the lottery than that one.

[Laughter.]

Mr. PULEO. No, hopefully not.

Mr. EPSTEIN. We can only say—I'm from the Fraudulent Document Laboratory, and we do most of the examination of the documents that you've been talking about. We know that there's a tremendous increase in use of fraudulent documents——

Mr. SMITH. You're going to need to speak into the mike.

Mr. EPSTEIN. Oh, I'm sorry.

Mr. SMITH. You should give us your name.

Mr. EPSTEIN. Thank you.

Mr. SMITH. Would you introduce yourself as well?

Mr. EPSTEIN. Yes, please. Gideon Epstein, I'm the Chief Forensic Document Analyst for the U.S. Immigration and Naturalization Service.

Our laboratory's primarily the laboratory that conducts the forensic examinations of the various counterfeit documents and also the various documents from over 200 countries involving travel and travel fraud. We've seen a tremendous increase in the use of fraudulent documents, especially in the area of employer sanctions. We can tell from the price of the documents, what they're selling for on the streets of Los Angeles and other places, that there are more documents out there than there are buyers right now.

Mr. SMITH. How much are they selling for?

Mr. EPSTEIN. It can go anywhere from $30 for both a Social Security card and an alien registration card—they're sold as sets normally—to about $50 or $60. Oftentimes, it will depend on the quality of the card.

Mr. SMITH. Given the cheap cost and given the demands for it and the easy availability, what would be just a guess as to the percentage of illegal aliens who would be using fraudulent documents?

Mr. EPSTEIN. That would be a very difficult thing to try to——

Mr. SMITH. Would it be 10 percent, 50 percent, 90 percent? I'm just looking for a guess.

Mr. EPSTEIN. Our caseload in the laboratory, in 1987, we worked approximately 500 cases; we're going to be over 4,000 cases this year, many of those cases having to do with employer sanctions type of documents. The price of the documents has gone down considerably, and so we can only say that there must be many, many in use.

Mr. SMITH. They're cheap and they're easily available and people take advantage of it?

Mr. GALLEGLY. Would the gentleman yield?

Mr. SMITH. I'd be happy to yield to the gentleman from California.

Mr. GALLEGLY. I think Mr. Epstein just answered my question, but when we're talking about $30, $40, $50, it wasn't more than

maybe 2 years ago that, for the same documents, we were talking $150 or $200; is that correct?

Mr. EPSTEIN. That's correct. When the alien registration card, the version that's presently out, the pink version, first came out, they were going for hundreds of dollars. And as the card—the longer a document is out in circulation, the more counterfeiting of the document takes place and the easier the document becomes to counterfeit.

Mr. GALLEGLY. And is it not true that you've found operatives that are actually working out of the back of a van or a motor home or something like that that's very mobile?

Mr. EPSTEIN. That's right. We've found that right now the central area for the production of these documents is the Los Angeles Westminster area in California. We've tracked back—we've tracked back documents that have been sold throughout the United States. We're able to tie those documents or link them together and find the common source. And even though documents are coming to us in the laboratory from New York and Florida and Tennessee, Arkansas, and wherever, we've been able to track those documents back to the original producer or counterfeiter, and oftentimes they're located in the Los Angeles area.

Mr. GALLEGLY. How aggressive has the prosecution been?

Mr. EPSTEIN. The larger counterfeiting operations, those where there have been undercover operations and where there have been undercover buys, those have been very good prosecutions. We're talking about operations where we're talking in the hundreds of thousands of documents. Most of the time, the people in the street are working for a large operation. They're not doing the actual counterfeiting themselves.

So what we try to do in the enforcement area is we try to not so much concentrate on the person selling the documents on the street as to where the document's originally being produced and counterfeited. We've hit some very large counterfeiting operations over the last year, and all of them have resulted in prosecutions that—at least those at the Laboratory has been involved with.

Mr. GALLEGLY. Do most of them get jail time?

Mr. EPSTEIN. Most of them do get jail time, yes.

Mr. GALLEGLY. Thank you, Mr. Chairman.

Mr. SMITH. One comment: the number of fraudulent documents is proliferating. The use of fraudulent documents is increasing, and it seems to me that's the exact opposite direction in which we want to go if we want to control illegal immigration.

Mr. BECERRA. Mr. Chairman.

Mr. SMITH. OK, I'll yield to the gentleman from California to my left, Mr. Becerra.

Mr. BECERRA. Thank you, Mr. Chairman.

And I think it's also more a comment. It strikes me, because this is an issue we have to try to address soon, that with regard to the use of fraudulent documents and fraudulent Social Security cards, but it does hit me, and I do want to place in the record—and perhaps someone would like to comment, Ms. Chater or Mr. Puleo: these folks that do get these fraudulent Social Security cards and get hired, work; the employer takes away Social Security taxes from these individuals who work, but because they're fraudulent

cards, these folks are never going to be able to really collect Social Security after they've finished working, whether they stay their entire life working here as undocumented workers or not, but it's an interesting phenomena. I expect, Ms. Chater, we have no idea how much money has actually gone into the system, Social Security system, from these folks who work, use fraudulent Social Security cards, but never collect on Social Security. Do we have any of that information?

Ms. CHATER. I do. It is true that if an illegal worker does, indeed, work, those earnings are posted by the employer to Social Security. We know, for example, that there are now about 6 million nonwork Social Security numbers. In other words, we have given 6 million people a Social Security number that doesn't authorize them to work. Of that 6 million, 2 million have reported earnings. So 2 million people will receive Social Security credit for potentially unauthorized earnings. The law makes it mandatory for us to do that. In other words, there's no law to say that we shouldn't do that.

Mr. SMITH. Let me thank the members of the panel for their time and for their expert testimony today. We appreciate you all being here. We will need to take a brief recess for us to go vote, and then when we return, I will begin with the second panel.

[Recess.]

Mr. SMITH. The Subcommittee on Immigration and Claims will reconvene.

We will now go to our second panel: Mr. Robert Charles Hill, who is a Member of the U.S. Commission on Immigration Reform, and he is accompanied by Susan Forbes Martin, the Executive Director of the U.S. Commission on Immigration Reform.

Welcome to you both. Let me preface anything that you might say by expressing our appreciation for the work that you all are doing. It may well be the most important work being done right now, as far as anything official goes, to try to stem the tide of illegal immigration and as far as you all pointing to solutions to the problem that we have. I haven't seen any better recommendations from anybody else.

So, with that introduction, let's go to Mr. Hill.

STATEMENT OF ROBERT CHARLES HILL, MEMBER, U.S. COMMISSION ON IMMIGRATION REFORM, ACCOMPANIED BY SUSAN FORBES MARTIN, EXECUTIVE DIRECTOR

Mr. HILL. Mr. Chairman, members of the subcommittee——

Mr. SMITH. Mr. Hill, may I interrupt you for a minute? I've just been given a note that you requested if you could go for 10 minutes. Considering that you're the only member of this panel, that will be fine and we'll give you two green lights worth.

Mr. HILL. Thank you very much, Mr. Chairman.

Mr. Chairman, members of the subcommittee, on behalf of Prof. Barbara Jordan, our Chair, and my fellow Members of the U.S. Commission on Immigration Reform, I want to thank you for this opportunity to testify before you today. This bipartisan Commission recognizes and deeply appreciates the support which we have received from Congress and this subcommittee, in particular.

In our first report to Congress last fall, entitled "U.S. Immigration Policy: Restoring Credibility," we sought to recommend a com-

prehensive strategy. We chose to focus much of that report on measures to control illegal immigrations because growing frustration about it undermines our first commitment to legal immigration in the national interest. I would personally like to recognize the outstanding work of the Commission's staff, directed by Dr. Susan Martin, in the preparation of this initial report. Dr. Martin is with me here today.

Because we have submitted full written testimony, we would like to just sum up a few points and then answer any questions you may have.

First, the Commission's recommendations for reducing the pull of the employment magnet are crucial to success in deterring illegal immigration. Our recommendations for the worksite fall into two categories. First, we simply must develop and implement a better system to verify authorization at the worksite. Second, worksite verification must be coordinated and coupled with enhanced enforcement of wage and hour and other labor standards, including provisions to protect workers from discrimination.

Better border management is necessary, of course, but not sufficient. You heard last week that one-half of the 300,000 illegal aliens who come to stay every year, 150,000 illegal aliens on top of a population that already exceeds 4 million, are visa overstayers. No amount of border enforcement can address that half of the problem, people who enter legally and then do not leave when they should, primarily because they find jobs.

Let me be very clear. The verification system we have now, the I–9 process, does not do what it was supposed to do; namely, deter the employment of illegal aliens. What it does do we do not want; namely, burden businesses with paperwork, while creating abundant opportunities for fraud and forgeries. It may even provide an excuse for, if it does not actually provoke, discrimination against workers who happen to look or sound foreign.

The Commission recommendation is that we develop and implement a better system for worksite verification. We recommend doing that by immediately testing the most promising option, a computerized registry based on the Social Security number. For decades all workers have been required to provide employers with their Social Security number. Depending on the results of pilot projects that are now being designed, the cumbersome I–9 process, with its dozens of documents and blizzard of labor, could be replaced by a single electronic step to validate information every worker must already provide.

I would note here that the Commission benefited greatly during its deliberations from the expertise of Special Agent Robert Rasor of the Secret Service, whom we heard earlier, in formulating its recommendations and, ultimately, concluded that while there are many ways to test the system, the key is that electronic validation does not necessarily depend on documents at all. So it will not be as vulnerable to fraud as the I–9.

Because all workers must present the same information to be validated, employers will not be as likely to discriminate, even inadvertently. The only thing to ask is: What is your Social Security number? And everyone already provides that information now anyway. The Government already has the data it needs in the Social

Security and INS data bases. There needs to be improvement, particularly at the INS, of course, but cleaning up those data bases is something that we should be doing already.

The Commission is aware that the administration intends to expand the telephone verification system, TVS, from 9 to 200 sites, and eventually to 1,000. We support that effort, but strictly as an interim measure. It is not the solution. The fatal flaw in TVS is that ultimately depends on self-attestation. Workers are asked in the first instance whether they are citizens or aliens. It is simply not sound law enforcement to rely on lawbreakers to tell the truth.

The Commission fully intends to monitor closely the administration's development of the pilot projects that we have recommended and that they have now endorsed, but we never intended to micromanage them. What we did do is to lay out a framework for a system we think will work with some specific guidelines and recommendations. We did say: hunt where the ducks are. The pilot project should be done in the five States with the highest number of illegal aliens: California, Texas, Florida, New York, and Illinois. But we did not recommend that the registry be implemented throughout all of these five States at once, nor even in all of any one State. A pilot project should start small. The results of each phase should guide the next. There should be objective, systematic evaluation of the pilot programs. The Commission expects to have meaningful results from pilot testing by 1997. We will incorporate these results into our final report to Congress, so that we can make an informed recommendation on whether that system should be implemented nationwide.

The Commission also made recommendations regarding breeder documents, including birth certificates. We should standardize the application form, provide matching of birth and death records, require certified copies from State governments for Federal agencies, and encourage States to computerize their birth records. We need tougher penalties, including perhaps application of IRCA for those who forge documents.

I understand that you intend to have separate hearings specifically on these aspects of worksite verification. So I will not go into further detail now. I have provided some details of our verification recommendation in my written testimony.

Let me sum up the Commission's recommendations regarding labor standards and discrimination. Labor standards and employer sanctions should be mutually reinforcing. Employers who violate one labor standard are likely to violate others. Find companies that violate wage and hour laws and safety standards, and you will often find companies that hire illegal aliens. The very presence of illegal aliens permits unscrupulous employers to violate standards, hoping to gain an unfair advantage over law-abiding competitors. Requiring employers to adhere to a set of standards for all workers can eliminate the economic incentive to hire illegal aliens.

We found that the current level of coordination between the INS and Department of Labor was insufficient to this critical mission. We urge the Attorney General and Secretary of Labor to address this issue. In enforcing labor standards and employer sanctions, we should concentrate on those who knowingly hire unauthorized workers. We believe that the new verification system we have rec-

ommended substantially reduced the inadvertent hiring of illegal aliens. If the pilot programs bear this out, Congress should discontinue penalties for paperwork violations and consider stiffer penalties for those who knowingly break the law. We should also target those industries that have a history of using illegal alien labor, particularly in the agricultural area, garment industry, restaurants and hotels, and construction. We should particularly target enhanced enforcement at farm labor and other contractors.

We should also apply employer sanctions to the Federal Government. Recently, Congress, to its credit, voted to apply to itself the laws that it applies to the Nation. At a minimum, the President should issue an Executive order requiring Federal agencies to abide by the procedures required of other employers.

Enhanced employer sanctions and labor standards enforcement should be coordinated with improvements regarding enforcement of antidiscrimination provisions. The Commission believes that an improved verification process is the best defense against discrimination. Nevertheless, some improvements can be made in the interim to reduce immigration-related discrimination. In particular, the Office of Special Counsel in the Department of Justice should initiate proactive programs, including independent investigations and a full assessment of the problem.

There is also an education component. Here, again, coordination is critical. The INS, Labor Department, and OSC need to be sending the same message to the thousands of new businesses and many more new workers who enter the economy every year. We also need to be exploring new strategies, including the use of technology, to inform employers and workers of their rights and responsibilities under the law.

Those are the Commission's recommendations on worksite enforcement. They are part of a comprehensive approach to immigration reform which this Commission is developing. As you know, the Commission is well along in the next phase of its task: considering the national interest in legal immigration, including categories, priorities, and limits. The key to our work so far has been that, through intense discussion and study, we have managed to arrive at a bipartisan consensus. We hope to continue that record in a systematic evaluation of what our immigration policy should be in the 21st century. In that effort, we have appreciated this subcommittee's support and consideration of our work.

We would both be glad now to answer any questions you may have.

[The prepared statement of Mr. Hill follows:]

PREPARED STATEMENT OF ROBERT CHARLES HILL, MEMBER, U.S. COMMISSION ON IMMIGRATION REFORM

Mr. Chairman and Members of the Subcommittee, on behalf of Professor Barbara Jordan, our Chair, and my fellow members of the U.S. Commission on Immigration Reform, I want to thank you for this opportunity to testify. This bipartisan Commission recognizes and deeply appreciates the support which we have received from Congress, and this Subcommittee in particular.

In our first report to Congress last fall, entitled, "U.S. Immigration Policy: Restoring Credibility," we sought to recommend a comprehensive strategy. We chose to focus much of that report on measures to control illegal immigration, because growing frustration about it undermines our first commitment to legal immigration in the national interest.

Work site enforcement, the subject of today's hearing, is particularly important to restoring the credibility of our commitment to the national interest in immigration. The Commission's recommendations for reducing the pull of the employment magnet are crucial to success in deterring illegal immigration.

The Commission's recommendations in this critical area fall into two categories: One, developing and implementing a better system to verify work authorization at the work site. Two, work site verification must be coupled with enhanced enforcement of wage and hour and other labor standards, including provisions to protect workers from discrimination.

Let me sum up the Commission's reasons for proposing that we develop a better system for work site verification. Reducing the employment magnet is the linchpin of a comprehensive strategy to reduce illegal immigration. Illegal aliens are here for jobs. That is the attraction. So the only effective way to deter illegal immigration must include the work site.

Better border enforcement is necessary, but not sufficient. You heard testimony last Friday that visa overstayers make up fully half of the influx of illegal aliens, 150,000 out of 300,000 who take up permanent residence here illegally every year, on top of an illegal population that exceeds 4 million already. No amount of border enforcement can solve that half of the problem—the people who enter legally, and then do not leave when they should.

We simply must develop a better system for verifying work authorization. That is central to effective enforcement of employer sanctions.

The system we have now, the I–9 process, is doubly-flawed. It does not do what it was supposed to do, namely deter the employment of illegal aliens. What it does do, we do not want—namely, burden businesses with paperwork, while creating abundant opportunities for fraud and forgeries. It may even provide an excuse for, if it does not actually provoke, discrimination against workers who happen to look or sound foreign.

Honest employers are caught between the proverbial rock and a hard place. Because the system is based on documents, employers are placed in a position of making judgments many do not feel qualified to make.

Identifying forgeries is difficult, even for trained professionals. If an employer accepts false documents presented by an unauthorized worker, that employer is vulnerable to employer sanctions for having hired someone under false pretences, regardless of the fact that they may well have been fooled themselves. Yet if an employer chooses to doubt particular documents, and asks for more from some workers and not from others, that is discrimination.

The Commission believes that we must develop a better system of work site verification, and that the way to do it is to immediately test the most promising option. After examining a wide range of alternatives, the Commission concluded that the most promising option for secure, non-discriminatory verification is a computerized registry based on the Social Security Number.

For decades, all workers have been required to provide employers with their Social Security Number. Depending on the results of pilot projects that are now being designed, the cumbersome I–9 process, with its dozens of documents and blizzard of paper, could be replaced by a single electronic step to validate information every worker must already provide.

The Commission examined the Telephone Verification System, called TVS, which the INS has been testing. We are aware that the INS will expand this system, first from nine to 200 sites, and eventually to 1,000 sites. We support this INS effort—but only as an interim measure. It is not the solution.

The fatal flaw in the TVS system is that it ultimately depends on self-attestation. Workers are asked whether they are citizens or aliens. It is simply not sound law enforcement to rely on lawbreakers to tell the truth.

The Commission also looked at the feasibility and effectiveness of reducing the number of documents used in verification. Again, we support such efforts as interim measures. But the fatal flaw here is the vulnerability of all documents to counterfeiting. We heard expert testimony that any document, even the most tamper-proof ones, can be forged so well that only experts can identify the fakes. Employers cannot be expected to identify counterfeit documents.

The Commission believes electronic validation of the Social Security Number is the most promising option because it holds great potential for accomplishing the following:

Reduction in the potential for fraud. Using a computerized registry, rather than relying on documents, guards against counterfeits.

Reduction in the potential for discrimination. All workers must present the same information to be validated.

Reduction in the time resources and paperwork spent by employers in complying with IRCA. INS employees who now chase paper could be redirected to chase down those who knowingly hire illegal workers.

The Commission did not try to micro manage the Executive branch's implementation of this recommendation in advance. We deliberately did not spell out precisely how the software of the registry would be designed, although we did specify that just six pieces of information seem necessary: name, Social Security Number, place and date of birth, mother's maiden name and status code. Nor did we limit the innovation that might be applied in pilot projects to test the registry. But we did speak to some of the most important aspects.

First, hunt where the ducks are. The Commission recommends that pilot projects be undertaken in the five high-impact states—California, Texas, Florida, New York and Illinois—because that is where the bulk of the illegal alien problem is. We also recommend that, in time, the pilots should be extended to several less-affected states. But we did not recommend that the registry be tested throughout all of the five states immediately, nor even in all of any one of the states. Pilot projects should start small. Before going to the next phase, we should have results to guide us.

Second, there must be objective, systematic evaluation of the pilot programs. This Commission expects to have meaningful results from the initial phase of pilot testing by 1997. We will incorporate these results in our final report to Congress, so that we can make an informed recommendation on whether that system should be implemented nationwide, with particular attention to civil liberties and privacy concerns . The features of pilot programs should include:

A means by which employers will access the verification system to validate the accuracy of information given by workers. We received conflicting testimony about the best way to ascertain that a new hire is who he or she claims to be. Some believe that the tamper-resistant driver's licenses now being issued by many states can do the job; others strongly advocate testing a more secure Social Security card.

But it is also possible that electronic validation through a telephone system would require no document at all. Every ATM system uses a PIN number to protect our money. We should test to see if personal information, such as the mother's maiden name and date of birth, that is already part of the Social Security database, can serve the same function for work site verification.

Measures to ensure the accuracy of the necessary data. Improvements must be made in both the INS and Social Security Administration databases to ensure that employers have timely and reliable access to what they need. Frankly, no one can be opposed to improving the reliability of the data in these agencies. There is no protection of liberty in government error.

Measures to ensure against discrimination. One key to the Commission's recommendation is that employers would no longer have to ascertain whether a worker is a citizen or an alien, native-born or an immigrant. All workers would have to present the same information to be validated.

Measures to protect civil liberties. Explicit protections should be devised to ensure that the registry is only used for its intended purposes. The Commission believes that electronically validating the Social Security Number could be used to ascertain eligibility for public benefits, without damage to civil liberties, because everyone receiving public assistance must already present a Social Security Number just as they do for work. But the registry is not to be used for routine identification purposes, and there must be penalties for inappropriate use of the verification process. The Commission's unanimous, unequivocal view is that no one should be required to carry a document and produce it on demand to prove their right to be here.

Measures to protect privacy. Explicit provisions must also be built into the system to safeguard individual privacy. The information contained in the registry will be minimal, given its limited purpose. But the Commission is aware that while access to any one piece of information may not be intrusive, in combination with other information it can lead to privacy violations.

Estimates of the start-up time and financial and other costs. The Social Security Administration made preliminary estimates for the Commission of its cost for pilot projects: $4 million over the first two years for design and development; and annual costs of maintenance and operation of $32 million. Discrepancies referred to the Social Security Administration were estimated to cost $122 million initially, and $30 million per year thereafter. So the total cost of the registry over five years, according to the Social Security Administration, would be approximately $300 million.

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By way of comparison, the Urban Institute estimates that illegal aliens cost seven states more than $2.1 billion a year. Spending $300 million over five years to save $2 billion each year is a sound investment.

But the INS cost must be added to the SSA estimate. The Clinton Administration's latest budget request calls for $28.3 million for verification systems pilots, although this also includes the expanded TVS program. The bulk of the INS cost, however, will be cleaning up their own data, which should be done regardless of the pilot projects to improve work site verification.

Specification of the rights responsibilities and impact on individual workers and employers. In particular, the Commission recommendation for false negatives is that no one—no one—should be fired if their employer does not get a validation code from the registry after hiring. It is entirely possible that a new hire has merely given their Social Security Number wrong. There is no one who has a greater incentive to correct errors, whether they are at the INS or the Social Security Administration, than a legitimate worker who has just learned from the registry that there is a problem. Speaking as someone who pays into the Social Security system, I want to be sure that the number I have been using is correct—and has not been misappropriated by an illegal alien.

A plan for phasing-in the system. Pilot projects should test various methods for phasing-in improvements in work site verification, according to the test results.

Evaluating the results of pilot programs with these criteria must include objective measures and procedures to determine whether current problems related to fraud, discrimination and excessive paperwork requirements for employers are effectively overcome, without imposing undue costs on the government, employers, or employees.

The evaluation should pay particular attention to the effectiveness of the measures used to protect civil liberties and privacy.

The Commission also recommends reducing the fraudulent access to so-called "breeder documents," particularly birth certificates, that can be used to establish an identity in this country. We recommend these steps

Standardized application form for birth certificates.

Interstate and intrastate matching of birth and death records.

Only certified copies of birth certificates issued by states should be accepted by federal agencies.

Standard design and paper stock for all certified copies of birth certificates to reduce counterfeiting.

Encouraging states to computerize birth records depositories.

The Commission also recommends imposition of greater penalties on those producing or selling fraudulent documents. RICO provisions to facilitate racketeering investigations should also cover conspiracy to produce and sell fraudulent documents.

Let me also summarize the Commission's recommendations regarding labor standards and discrimination. Vigorous enforcement of labor standards and enforcement against knowing hire of unauthorized workers are an integral part of the strategy to reduce illegal immigration. Labor standards and employer sanctions should be seen as mutually enforcing.

The Commission believes that enforcement of employer sanctions, wage/hour, child labor, and other labor standards can be an effective tool in reducing employment of unauthorized workers. But we found that current enforcement efforts are inadequate.

The Commission specifically recommends:

Increased staff and resources for the enforcement of labor standards to complement employer sanctions enforcement.

Vigorous enforcement, increased staff and resources, and full use of current penalties against those who knowingly hire unauthorized workers. We believe that the new verification system we have recommended can substantially reduce the inadvertent hiring of unauthorized workers. If the pilot programs bear this out, Congress should discontinue penalties for paperwork violations, and evaluate the need for increased penalties against violators and businesses that knowingly hire, or fail to verify work authorization for all employees.

Targetting of investigations to industries that have a history of using illegal alien labor.

Enhanced enforcement efforts targeted at farm labor and other contractors.

Application of employer sanctions to the Federal government. Recently the Congress, to its credit, voted to apply to itself the laws that it applies to the nation. At a minimum, the President should issue an Executive Order requiring Federal agencies to abide by the procedures required of other employers.

We are particularly concerned that the current level of coordination between the INS and the Department of Labor is insufficient. The Commission has urged the Attorney General and the Secretary of Labor to review the current division of responsibilities between the Departments of Justice and Labor in the enforcement of employer sanctions and labor standards.

Enhanced coordination- to promote cooperation among all of the agencies responsible for work site enforcement is critical. Strategies to promote coordination at both the headquarters and field operations level would include:

Establishment of a task force in Washington, DC to review and set policy;

Local task forces of work site investigators to coordinate field operations, and

Continued joint training for work site investigators from all applicable agencies.

Enhanced employer sanctions and labor standards enforcement should be coordinated with improvements regarding enforcement of anti-discrimination provisions. The Commission believes that an improved verification process is the best defense against discrimination. Nevertheless, some improvements can be made in the interim, to reduce immigration-related discrimination.

The Commission recommends that the Office of Special Counsel initiate more proactive strategies to identify and combat immigration-related discrimination at the work site. OSC should target resources on independent investigations and on programs to assess the incidence and prevalence of unfair employment practices related to immigration.

Finally, there must be an education component. Thousands of new businesses begin operation each year; and many more new workers enter the labor force annually. The Commission recommends that the educational efforts of the responsible Federal agencies be coordinated, and continued. The INS and the Labor Department must communicate a single message to all employers and employees. The Commission also recommends the development of new strategies, including the enhanced use of technology, to inform employers and workers of their rights and responsibilities under the law.

Those are the Commission's recommendations on work site enforcement. They are a part of a comprehensive approach to immigration reform which this Commission is developing. As you know, the Commission is well along in the next phase of its task, considering the national interest in legal immigration, including categories, priorities, and limits.

The key to our work so far has been that, through intense discussions, we have managed to arrive at a bipartisan consensus. We hope to continue that record in a systematic evaluation of what our immigration policy should be in the 21st century. In that effort, we have appreciated this Subcommittee's support and consideration of our work.

I will be glad to answer any questions.

Mr. SMITH. Thank you, Mr. Hill.

Because Mr. Bono passed on the last panel, I want to give him the right to ask the first question to you. Mr. Bono, the gentleman from California, is recognized.

Mr. BONO. Thank you very much.

It appears that after the investigation that you've done, you've taken a pretty hard-line position on us getting more controls fast and much more control. The message I get from you is that it's more or less out of hand. Is that a correct assumption?

Mr. HILL. Yes, that is, Congressman. We are very concerned about the costs of illegal immigration to the United States. There are severe costs, not just fiscal costs, but costs in what we perceive to be a deteriorating respect for the rule of law and as well as for a blurring of distinctions in the public mind between legal immigrants and illegal immigrants, and we think that is a problem that must be addressed forcefully.

Mr. BONO. Yes, yes. What I think I understood you to say, then, is we do need some kind of identification to prove that someone is here legally for applications for work; correct?

Mr. HILL. We need to require employers to do what they are mandated to do under the law, and that is to verify that any indi-

viduals they are hiring are authorized to work in the United States.

Mr. BONO. How does the employer verify that?

Mr. HILL. Well, as you know, we heard testimony earlier that right now there's a system in place where the perspective employee will present 1 of 29 different documents——

Mr. BONO. Yes.

Mr. HILL [continuing]. Or some combination to employers. And with the myriad of fraudulent varieties on these documents, we believe that's unworkable. We think we should be working toward a system, the most promising of which is the establishment of a national registry, a computer registry, that could be checked perhaps much the way your bank now checks use of a purchase under a credit card, with a number and perhaps some other pieces of information, such as a PIN number or mother's maiden name.

Mr. BONO. OK, I understand. So when you say an employer must verify that an applicant is here legally, you're not talking about currently, as things stand right now, are you?

Ms. MARTIN. Congressman, the current law does require the employer to verify work authorization——

Mr. BONO. I'm aware of that.

Ms. MARTIN [continuing]. But it's through a very cumbersome and fraud—very fraudulent system.

Mr. BONO. Right, right.

Ms. MARTIN. And so what the Commission has been recommending is the development of a more secure and, we believe, less discriminatory means of work authorization that builds on the current law but would correct the deficiencies in the current verification process.

Mr. BONO. Yes. I guess the point I'm trying to make is that, being a restaurant owner and getting so many applications, and then having to comply with the paperwork required, and then if we don't comply, we get fined or get into a lot of trouble, and we don't understand the paperwork and we don't know if someone's here legally or not, making every effort currently to try to comply, but we can't.

Ms. MARTIN. We agree completely that the employer right now is between the proverbial rock and the hard place. You're damned if you do, damned if you don't.

Mr. BONO. Yes.

Mr. HILL. That system that's based on this multiplicity of documents simply doesn't work. We have to make it more accessible, simpler for employers to verify accurately whether the individuals are authorized.

Mr. BONO. I guess my other point is, at least in California, there's an urgent situation there that has to be addressed tomorrow, you know. So I guess I would wonder if you had a recommendation that, even if it's an interim, of how we could relieve employers right now from getting penalized and not even being aware that they've done something wrong. Or are we going to wait until we implement some kind of program, and during that period will an employer just have to hope he's lucky and fortunate not to get somebody giving him bogus paperwork?

Mr. HILL. No, I think there are interim measures that need to be followed.

Mr. BONO. OK.

Mr. HILL. The INS efforts to reduce the number of documents, educational components—all of these are going to be factors in the interim that will help.

Mr. SMITH. Mr. Bono, if you would yield just for a minute, we need to go vote.

Mr. BONO. OK.

Mr. SMITH. Then why don't we pick up with your questions when we return?

Mr. BONO. Thank you.

Mr. SMITH. And we're going to stand in brief recess until Mr. Gallegly returns, and then he'll pick up on the questions.

[Recess.]

Mr. GALLEGLY [presiding]. I'd like to call the hearing back to order.

When I left to vote, Mr. Hill, you were completing your statement and I missed some of the end of it, but I did have a couple of questions and will try to move ahead until the chairman returns.

Why do you think that—well, you talked about the issue of how we deal with stopping the magnets or that is one of the principal concerns in dealing with this whole issue of illegal immigration and providing a way to eliminate access to jobs and other benefits. What do we do with those that are already working in the system rather than just identifying a method to provide a way to eliminate the incentive to come to start with? What do we do with those that are there?

Mr. HILL. The problem——

Mr. GALLEGLY. How do we find out who they are?

Mr. HILL. Right. As the system comes online, there may be a way for the new registry to accommodate that problem. You may find that you have to deal with that by some sort of grandfathering. It's a difficult problem, one that we haven't adequately addressed at the Commission, one that we're going to look toward the pilot programs, working with the agencies who are enforcing the law to work with us in developing more concrete recommendations.

Mr. GALLEGLY. Before we go to Dr. Martin, you mentioned the possibility of grandfathering. That's kind of like amnesty, isn't it?

Mr. HILL. No, I don't believe that it is an amnesty.

Mr. GALLEGLY. Oh, you mean just grandfathering until they move on and apply for another job somewhere else?

Mr. HILL. Right.

Mr. GALLEGLY. It's kind of like the current procedure for replacing the green card; it isn't required until you seek employment or reemployment?

Mr. HILL. Well, actually, the new green cards must be replaced now under regulation, but the system would eventually accommodate changes in employment by bringing people into the new system.

Mr. GALLEGLY. On the replacing of the green card, I do stand corrected because there was a period of time where it was mandatory, when you sought reemployment or new employment, without having to run down within a period of 3 weeks, or whatever, to get

it renewed. But on that issue, on that issue, we are replacing the current green cards today with a card that is maybe a little more tamper-resistant, but with no verification process. Don't you—well, I don't want to put words in your mouth, but do you feel that it is really serving any real benefit, to go to the expense and putting those that are here legally through all the motions to go and do something that in my estimation, that really doesn't do that much?

Mr. HILL. To the extent that there are various versions of the green card out there that are all valid for I–9 purposes, requiring individuals to come up with a single form of that green card makes the work of employers certainly easier. There are 29 separate documents on the I–9, some of which have multiple versions that are valid versions, as well as the fraudulent versions. So, to that extent, yes, I believe it does serve a certain purpose, but, again, it's an interim step moving in the correct direction.

Mr. GALLEGLY. But with INS going on record as to the fact that they are going to aggressively pursue reducing those 29 down to 16, and then if they can get legislative help and reduce it down to 6, why are we going through these motions now? Or I guess I'm asking the wrong person, but what is your assessment? Is it really worthwhile to spend the money and put these folks through this exercise if, in fact, we do intend to do something, hopefully, something more effective in a short period of time?

Mr. HILL. I think this gets to Mr. Bono's question indirectly, is that there are real legitimate burdens on business right now, and anything we can do immediately to give them some relief in this process——

Mr. GALLEGLY. In other words, you look at it as a bandaid, even though it is a real imposition on the folks that do have a legal right to be here to start with?

Mr. HILL. That's right.

Mr. GALLEGLY. Dr. Martin, you had a comment?

Ms. MARTIN. Yes, I just wanted to add, in terms of some of the current work of the Commission that relates to your question in terms of those who are currently here and working illegally, aside from our verification recommendations helping deal with these individuals as they change jobs, the Commission is giving a lot of focus this year with a report we hope by the end of the calendar year, or early sometime thereafter, on the entire issue of removals; that a credible immigration system has to have a capacity to identify those who are here illegally and remove them. We believe first priority there has to go toward the criminal aliens, obviously, as being a threat to safety, but we think that on a very strategic basis we need to be targeting other groups, such as those who are illegally employed and where we can get that information. So that it becomes clearer to those who are here illegally, or even thinking about coming illegally, that there is a good possibility that they will be identified and removed.

We don't have the answers to making that system work better right now. That's what we're working on, and we hope that by, as I say, the end of the calendar year that we will have some very specific recommendations that can be made in that area, because it's clearly the weakest link right now in our enforcement capabilities.

Mr. GALLEGLY. Thank you, Dr. Martin.

Mr. Xavier Becerra.

Mr. BECERRA. Thank you, Mr. Chairman.

Let me see if I can begin with a couple of questions regarding the way to best try to get to a verification system. I wasn't here, Commissioner Hill, when you first testified about it, but I did read your testimony, and it did mention the use of a PIN number, the way we have on our ATM cards, to try to get to the point where we can do this quickly with as few identifiers as may be necessary to get the process done of work verification. Let me have you comment on something because I know that's been proposed in the past or suggested, and some folks have raised some concern.

Apparently, back in 1991, a hearing in the Ways and Means Committee was held in the Subcommittee on Social Security, where it was revealed that data matches—in other words, you provide information; the system—the agency that's collecting the information has it, tries to match the information with the person, and retrieve or return back to the individual requesting the information, the information necessary to either confirm or deny that that person is the person on that card. So to do that data match—and this was done by Citicorp and TRW—resulted in error rates—in other words, mistaken ID's—of 46 percent and 28 percent, respectively, due mostly to incorrect data in the system. What would we do to try to make sure that we don't have 46 or 28 percent error rates if we're going to use something like this to decide whether someone should actually gain a job?

Mr. HILL. Clearly, those kind of error rates are unacceptable, and, obviously, I wasn't present at the hearing. I would hope that our technology has improved dramatically since then, particularly for the stability of our banking system. But those kind of rates are absolutely unacceptable. We are not the computer wizards; we never claim to be, but we do have confidence in the ability of the talent and genius in this country to design a system that would not have that kind of error rate and would be a simplified system and a reliable system.

Mr. BECERRA. I think everyone's in agreement that our technology is getting us there; it's just how we actually get to the point of making the best use of it and efficiently making use of it, so it's not going to cost a whole lot of dollars, and we end up with a system that doesn't work.

Question: You mentioned in your testimony that you estimate or you project the cost of implementing the registry for the TVS program to be something about 300, and when you include INS costs along with the Social Security Administration cost, to maybe get to about $350 million over the next 5 years. Now that's a lot less than what the Social Security Administration has testified in the past with regard to trying to do a more full-scale project where you use the Social Security card as the identifier. They've estimated between $3 to $6 billion just to reissue cards, and that's not talking about getting those good types of identifiers like fingerprints or photo ID on the card.

Given that we're talking about two different projects, clearly, and the scale of which, obviously, is much different in terms of cost, are we looking at some point to go beyond these pilot programs that may cost about $300, $350 million a year to something that's going

to be of a grander scale, that will get us the full verification that we may seek for the entire Nation?

Mr. HILL. Congressman, I'd like to ask Dr. Martin to answer that question. She has been actively involved in these discussions with the Social Security Administration.

Ms. MARTIN. On that, yes, as you noted, the $300 million that we cite, plus the additional cost for INS, are for the operation of the telephone verification, the call-in system to verify the Social Security number, and it's for a slow-starting design phase, followed by higher costs in the third—second, third, fourth years to deal with the error issue that you talked about, and then what is estimated to be an ongoing implementation cost of about $32 million per year once some of the design and the validation issues are taken care of. And, obviously, the cost of reissuing a Social Security card would be substantially higher.

The Commission, in proposing—in making its recommendations, proposed that we do a number of different kinds of pilot programs to get at exactly the issue that you're raising. We had one set of experts say you can do it all through the telephone system; you don't need a physical document; you can do it by identifying information. Other experts told us that that's absolutely impossible; if we don't have some type of physical identifier, the whole thing will fall apart.

We don't know—and these experts all came with equally good credentials—who's right, which is one of the reasons that we suggest pilot programs that can test the accuracy and the privacy implications for a nondocument system using electronic verification relative to those that would require a document, and we suggested trying some of the pilots using a driver's license because that's already issued. It's a fairly common identifier, and it's reissued, which is an important component, but that we also test out through pilots what it really would cost to reissue a Social Security card in a fraud-proof, privacy-proof method. We just don't know, frankly, what the cost would be.

Mr. BECERRA. Mr. Chairman, I see my time has expired, but I would request, if I may, from the chairman and the members of the committee, just their indulgence perhaps for one last question with a quick comment. Thank you so much.

The issue of discrimination has been touched upon, and you eloquently touched upon it as well in your testimony, written testimony, at least I know that. A question for you: As we begin to implement these pilot programs, I know that the fact that we're cutting down the number of cards needed for identification helps cut down on the possibility of discrimination, but would you recommend in the process of implementing these pilot programs that we have some way to try to also check to find out if any discrimination is occurring, so that maybe we have some type of tracking or random sampling? You know, someone goes out there and just checks to find out if we're doing this in the right way?

Mr. HILL. Absolutely. One of the recommendations we've made with respect to discrimination is to enhance the activities of the Office of Special Counsel in working also to design new studies to give us more information. To the extent that American workers, or those lawfully admitted to permanent residence in the United

States are suffering discrimination intentionally or not, simply because they look or sound foreign, is unacceptable. And any system we design we believe the simplified verification system is the strongest deterrent to such discrimination. However, if the implementation of the pilots suggests otherwise, as our distinguished Chair has said, we are willing and eager to reevaluate our recommendations.

Mr. BECERRA. So are you saying you want to wait until you see what the test pilots do or would you be willing to—or would you suggest that we also track and test while——

Mr. HILL. It should be tracked while—during the process, yes.

Mr. BECERRA. I see. Now let me just make one last comment, and it's just a suggestion. Ms.—was it Chater?—from the Social Security Administration raised something at the very end, Mr. Chairman, I thought was very interesting. She indicated that there are individuals who are actually provided by the Social Security Administration a card, the Social Security card, but actually says on the card not authorized to work, but that, yet, numbers of people are still working. It seems that if, in fact, we're doing a basic check where if employers are using the Social Security card, it's pretty obvious that that person should not be allowed to work. I don't know if the Commission had much information on that, but is that perhaps something that maybe we can—I mentioned to the Social Security Administration folks that I'd be very interested in learning more about it. Is that something that maybe the Commission would like to learn more about as well?

Mr. HILL. Yes, we would, Congressman. It was an interesting part of her testimony. I'd also like to see what resolution is being done to funds that are deposited toward bogus numbers in the system, if any.

Mr. BECERRA. Thank you so much, and thank you—I thank all my colleagues for the indulgence of time.

Mr. GALLEGLY. I think the gentleman from California made an interesting point because, in fact, the number that she gave I think was approximately one-third of all those that had no legal right and was stamped accordingly were knowingly employed. I wonder how many were unknowingly employed.

The gentleman from North Carolina, Mr. Heineman, did you have anything?

Mr. HEINEMAN. I feel like I just boarded the same car on that same train that Mr. Bono was riding in when he came in.

Of all the problems that INS has, what percentage would you say is occupied by inadequate, counterfeit, or improper identification?

Mr. HILL. We have, clearly, less basis for answering that question than the INS did. It is a substantial problem.

Mr. HEINEMAN. I'm trying to rank it in order of priorities, INS priorities, for a quick fix, a fix.

Mr. HILL. Sure, sure.

Ms. MARTIN. If I could take a stab at that, I would say that the root of many, if not most, of the immigration problems that we are facing in terms of legal immigration somehow gets back to the issue of fraudulent documents, because it's an issue where at the start of the process, where somebody is attempting entry into the country, there's an issue of whether their documents are valid. At

this worksite there's an issue of whether they're valid. At any particular point where they're changing their status, there's an issue of whether they have misused the documents that they have had. So without being able to clean up that problem, and even more important than the documents themselves, the data bases behind those documents, so that INS really can say this person is here legally; this person is not. I think we're going to have a lot tougher time making an improvements in our ability to combat illegal immigration. So I would say that, without giving a percentage, that it's at the root of much of the problems that we are facing in a variety of different areas——

Mr. HEINEMAN. Thank you.

Ms. MARTIN [continuing]. Not just employment.

Mr. HEINEMAN. Thank you.

Mr. SMITH [presiding]. I understand the gentleman from California, Mr. Bono, has additional questions. We'll go to you now.

Mr. BONO. Thank you, Mr. Chairman.

The INS and documentation, how do they relate? Let's say somebody applies for a job. How is that relative to the INS? In other words, the look is like—there's a question mark I see in your eyes there.

If we all have a document, a Social Security card, does that have to be tied into the INS or can we just all carry a Social Security card and have to produce that? What I'm trying to get at, I'm just wondering if we have to have a mountain of bureaucracy as far as documentation is concerned. I mean, do we have to go through every bureaucratic process or are there some we can eliminate?

Mr. HILL. Right now, on the document-based system, the enforcement bureaucracy is an absolutely essential component. Employers are required to verify that an individual is authorized to work, and they do this by looking at any one of a selection of documents that that employee chooses to show them, as long as they are on the INS approved list. INS is the agency, of course, that is charged with principal responsibility enforcing that employers fulfill that responsibility.

Mr. BONO. OK.

Mr. HILL. It would seem to us that one of the benefits of the system that we're recommending would actually in the long term be a reduction in the bureaucracy because the system will be far more simplified.

Mr. BONO. That's what I was getting at. So is your recommendation that there be several different documents that would qualify or are you down to one document that would qualify?

Mr. HILL. Right now, our recommendation is that we test whether a document is necessary at all. It could be just a number in that registry with backup information that the individual knows that would trigger the authorization in the registry, much like you bank by telephone now. It may be that some sort of document is required, and that's why we've recommended pilot programs to test whether a document is required to access that system.

Mr. BONO. Oh, OK. So under the system that you're talking about, that would all go through the INS then as——

Mr. HILL. And the Social Security Administration.

Mr. BONO. Yes, OK.

Ms. MARTIN. Congressman, Mr. Bono, one of the things that has governed the thinking of the Commission on this issue is we're trying to figure out a way that an illegal alien can't claim to be a citizen and thereby circumvent the entire system. So that requires that everyone be checked, No. 1, and, No. 2, that there be access to the INS data, so that if somebody appears from the initial verification—is one of these people who has gotten a Social Security number, but it's not for permanent work authorization or not for work authorization at all, that the INS information will come into play. So without having both sides of the system, we'll have too much fraud in the system or potentially too much discrimination. But what we really want to do is create a system where a restaurant owner, such as yourself, would have a very, very simple electronic—no more so than the way in which you deal with Visa card credit cards——

Mr. BONO. Yes.

Ms. MARTIN [continuing]. That you get a confirmation number, and that's all the record that you need to keep to protect yourself. That's really where we're trying to head.

Mr. BONO. OK.

Ms. MARTIN. So that you don't have to worry about paperwork, and that you won't necessarily have penalties for paperwork violations because the system is working adequately enough to have a system where we only go after those who knowingly hire illegal aliens, not people who make—who mess up their I–9 forms.

Mr. BONO. OK. In your research with the INS—I presume you worked with them as well when you did the research that you've done—was there any indication to you that the INS itself was in quite a bit of confusion as an operating administration?

Mr. HILL. We did notice difficulties in some of the coordination aspects with respect to enforcement of sanctions and resource problems. We have made recommendations that we believe—in particular, closer coordination between the agencies responsible, including the INS, the OSC, and the Department of Labor, be enhanced, and we're going to be watching that very closely.

Mr. BONO. Mr. Chairman, if I could have an extra amount of time?

Mr. SMITH. Yes, Mr. Bono continues to be recognized.

Mr. BONO. Thank you.

My point is that if we're going to venture into this new world, that if we depend so heavily on the INS or on a department, if the department itself is not administrated in an organized fashion, then would there not be a recommendation to kind of have that department get its act together in the first place? So what I'm saying here is, from the research I've done—and it's certainly not as extensive as yours—it seems to be the INS has a tremendous amount of contradictions in their data, and that for us to recommend that we structure something with them, that we've got to have a strong reform in the INS, and unless that becomes the step, if we're going to include them, unless that's a very dependable organization, we will have more confusion as it goes on down the road. So my suggestion is that we would have to scrutinize the INS heavily, make sure they are organized. If they aren't organized, go for intense reform there and begin at that point. Otherwise, I guess I would sug-

gest to you that any program you recommend will fail if it includes the INS in its current state.

Mr. HILL. If I may just make two quick points on that, first, we completely agree with you on the data base. The information in the INS information systems data, it needs to be cleaned up. Regardless of whether we move in the direction that the Commission has recommended or not, that information in the INS data base needs to be cleaned up.

Second, with respect to implementation under the law, one of the mandates of the Commission is to look at those issues carefully, not only what the law should be, but how is it being implemented, and that will be part of our final report to Congress.

Mr. BONO. Mr. Chairman, if you'll indulge me in one final question, I promise I'll get out of here.

Mr. SMITH. The gentleman is recognized for as long as he needs.

Mr. BONO. Thank you.

You know, on pilot programs, the situation with pilot programs is good, but we have gotten ourselves to a state now where we don't have the luxury of time anymore, you know. So pilot programs are very beneficial and do give us a lot of data and a direction and a way to go. I guess I would be asking you, if there is any data that you have certainty on that we could implement not necessarily as a pilot program, but something with a clause where we look at it a year from now, but get it into operation. My concern is that if we do pilot programs, and then, again, if it gets caught up in a bureaucratic process, how long will it take the Government to respond to a problem that is a crisis right now? And if there is a way to approach this where we could actually implement something, and if it's not perfect, we look at it in 6 months or look at it in a year or we look at it at a certain time. There seem to be some areas where you have some certainty about what we must have, and I guess I would recommend that maybe we go after these things that we are certain of, that we have to have, and recommend implementation immediately, and then take a look at them, rather than put everything on a pilot basis.

Mr. HILL. Congressman, that was a topic, I can assure you, was of intense debate within the Commission, and, ultimately, we concluded unanimously that pilot projects, as long as they are narrowed to a reasonably time frame—and one of the things I'm most concerned is that this Commission have the ability to make very concrete, specific recommendations before its term expires in 1997 with respect to implementation.

Mr. BONO. OK, I can——

Ms. MARTIN. Congressman, most of the recommendations, aside from the development of this new verification system, that pertain to enforcement of the worksite or reducing the employment pull for illegal aliens are immediately enforceable—things like we can do more targeting of our employer sanctions and labor standards enforcement on the industries that we already know are those most likely to hire illegal aliens. We can do a better job of targeting those resources, so that we can get the most bang for the bucks right now, as we put into place a phased process for improving the verification. So our report includes quite a lot of recommendations for immediate action at the same time that we're dealing with the

longer-term problems. I'd be happy to go more specifically into those later.

Mr. BONO. Since the chairman has been so gracious, when the bell rang, the one question I did have: Is there any way to relieve employers now of the obligation of them being the Government, acting on the Government's behalf as far as finding out who is legal and who is illegal, an employer finding that out and having to deal with it, and it being their problem? Since an employer can't verify documents, it's an impossible task, and they still have the liability of being fined severely if they make a mistake, not necessarily do something intentionally.

Mr. HILL. One of the things I think that needs to be done within the administration, in particular, is to ensure that the agencies administering the law interpret the law uniformly and correctly and send out a single message to employers of what is permissible and what's not permissible under existing law, as they take interim measures to make the number of—reduce the number of documents and things of that nature. Ultimately, I believe that if the system we're recommending is successful, there should be no penalties whatsoever for paperwork violations——

Mr. BONO. Right now?

Mr. HILL. No.

Mr. BONO. Down the road?

Mr. HILL. Down the road, once the——

Mr. BONO. Yes. Well——

Mr. HILL [continuing]. Verification system is——

Mr. BONO. You know, when I worked at the restaurant and employed people, it was—I didn't know what to do. We were just going on a being-lucky basis because we didn't understand the paperwork. We didn't even understand—we still don't understand what the requirements are as to how to fill out paperwork for hiring foreign help.

Mr. HILL. That is certainly part of the responsibility under the Government agencies to educate the public, businesses, in particular, as to what their responsibilities are under the system.

Mr. BONO. Well, I think that somehow they have to be backed off to some degree, rather than having them clearly explain what we have to do, because I maintain we're doing the Government's job as an employer. Rather than dump that on the employer—right now there is an obligation on our side—to at least make it cohesive as far as not—not necessarily what we can do, but we shouldn't have the exposure if we hire somebody with bogus paperwork and can get penalized for that currently.

Ms. MARTIN. Congressman, one of the reasons that we, the Commission, eventually did come down on the side of the pilots was because of our agreement with exactly the points that you're making on both the paperwork burdens, but also on the inadequacy of the INS data. What we are afraid of is that by mandating a system immediately, a new verification process, it would be doomed to failure because the INS data would make it collapse under its own weight. So in weighing those two factors, we came to a phased-in process to get the data improved, develop a new process, and then take the burden off the employers.

Mr. BONO. Thank you. Thank you, Mr. Chairman, for your indulgence.

Mr. SMITH. Thank you both, Dr. Martin and Mr. Hill, for being with us today. We appreciate your contributions. We'll look forward to seeing you all again.

And if the members of the third panel would come forward and take their seats, we'll proceed.

Let me introduce the members of this panel. First, there's Wade Avondoglio, who's the owner of Perona Farms Restaurant and a member of the National Restaurant Association; Richard Holcomb, commissioner, Virginia Department of Motor Vehicles; Marshall Rickert, motor vehicle administrator, Maryland Motor Vehicle Administration, and Torrey McLean, State registrar, North Carolina Department of Vital Records.

Let me give you all a special thanks for making the effort to be with us today, and say that we look forward to hearing your perspective because it is sometimes different from the perspective of those of us who spend most of our time inside the beltway. It's my feeling that the more people we hear from who are from outside the beltway and deal with the problems on a day-to-day basis, the better off we'll be.

We'll start with Mr. Avondoglio—and if you all would try to limit yourself to 5 minutes of summarizing your testimony.

STATEMENT OF WADE AVONDOGLIO, OWNER, PERONA FARMS RESTAURANT, AND MEMBER, NATIONAL RESTAURANT ASSOCIATION

Mr. AVONDOGLIO. Mr. Chairman and members of the subcommittee, thank you for inviting me here today.

My name is Wade Avondoglio. Along with my brothers and my sister, I own Perona Farms in Andover, NJ, about an hour west of New York City. We're the fourth generation to run the restaurant which my great grandfather started back in 1917. Our business is mostly banquets, weddings, anniversaries, office parties, and highly, highly seasonal. We're coming out of our slow months right now. By spring, we will be having about 12 weddings per weekend, and at our busiest we have a staff of approximately 100 people.

Last September I got a visit from the INS after local police ticketed one of my employees and found he was in the United States illegally. At the INS's request, we dug through nearly 2,000 I–9's in our files to pull them for the 180 people on our payroll from July 1993 through June 1994. I felt good about our records. We are a prominent employer in our small town and don't cut corners in this area. I comply with the law carefully and have no interest in hiring illegal workers in my restaurant. In fact, the INS officer told me that my records were the best he'd seen in his 12 years as an agent for the INS.

The problem, however, is that many employers often have no way of knowing whether someone's illegal. The INS officer came back a few days later to question some of my employees and found seven of them shouldn't be in the United States. Yet, for each of these employees, I had seen documents I believed were genuine and I had completed an I–9 form. The fact that I had done everything I could to make sure these employees were eligible to work

in the United States makes you wonder whether the law is doing what it's supposed to do. Is it reducing illegal immigration or just drumming up a lot of business for document forgers?

My case also highlights a big gray area in the law, what the INS can say employers should have known. Although I haven't been fined yet, in my case the INS officer told me I should have known the Social Security cards these employees showed me were fakes. I'd challenge anyone, short of a document expert, to look at these cards and tell me they are not genuine.

We're required to take any of 29 different types of documents, and a single document may come in several different varieties. If you go too far in saying what an employer should have known, you'll get exactly the result you don't want. Employers will be afraid to hire applicants who sound or look foreign.

Huge fines for minor violations contribute to the problem. Most restaurants, like small business, don't have anything that comes close to a personnel office. When you come to Perona Farms, it is my sister or me who fill out the I–9's. We pester our new hires until we get the right documents. We make sure our I–9's are up to date and that we have a complete one for each new employee. This is on top of the four or five other Government forms I'm required to fill out for each and every one employee—everything from a license for alcohol servers to a W–4 form. The cumulative paperwork overload can be extremely confusing and complex.

Fine for not filling out an I–9 the right way can be anywhere from $100 to $1,000 per I–9. I've heard of restaurant owners who have been fined hundreds, or even thousands, of dollars for not updating document expiration dates, for not signing the I–9's more than 3 days after an employee starts work, for failing to include the restaurant's name on each form, and for omitting an expiration date on an I–9, even though copies of the document were attached. In the restaurant business, this is all complicated by an industry turnover rate of between 200 percent and 300 percent, depending on the type of operation, which makes staffing a very time-consuming problem.

In my restaurant, which is so seasonal, we consistently have people coming back who have worked for us before. For some of these people, I need to fill out new I–9's; for others, I don't. Even for a small business, it adds up to hundreds of I–9's with $1,000 fines hanging over our heads if we make mistakes.

The history of the 1986 immigration law, Congress wanted to minimize the burden and the risk placed on the employer. As you look for ways to make the law work better, I urge you to try to make the process simpler and more understandable for employers. Focus on educating rather than penalizing employers who are trying to meet their responsibilities.

I know you are looking at ways to make documents counterfeit-proof, and I encourage you to continue doing this. Right now, employers are stuck between a rock and a hard place. I don't want to discriminate against someone who looks or sounds foreign. In fact, I know if I do, I face big fines. But, at the same time, I can't tell a good forged document from the real thing, and I can't call anywhere to get an answer. If a document looks legitimate to me, I'll

keep the person on staff, but my recent experience makes me pretty wary about the jeopardy I put myself in if I do this.

Thank you, and I'm happy to answer any questions the subcommittee may have.

[The prepared statement of Mr. Avondoglio follows:]

PREPARED STATEMENT OF WADE AVONDOGLIO, OWNER, PERONA FARMS RESTAURANT, AND MEMBER, NATIONAL RESTAURANT ASSOCIATION

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Last November, I got a visit from the INS after local police ticketed one of my employees and found he was in the U.S. illegally. At the INS's request, we dug through nearly 2,000 I–9's in our files to pull them for the 180 people on our payroll from July 1993 through June of 1994. I felt good about our records. We are a prominent employer in our small town and don't cut corners in his area. I comply with the law carefully and have no interest in hiring illegal workers in my restaurant. In fact, the INS officer told me my records were the best he'd seen in his twelve years in the business.

The problem, however, is that employers often have no way of knowing whether someone's illegal. The INS officer came back a few days later to question some of my employees—and found seven of them shouldn't be in the U.S. Yet for each of these employees, I had seen documents I believed were genuine and I had completed an I–9 form. The fact that I had done everything I could to make sure these employees were eligible to work in the U.S. makes you wonder whether the law is doing what it is supposed to do. Is it reducing illegal Immigration or just drumming up a lot of business for document-forgers?

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Huge fines for minor violations contribute to the problem. Most restaurants, like most small businesses, don't have anything that comes close to a "personnel office." When you come to Perona Farms, it's my sister or me who fill out the I–9s, who pester our new hires until we get the right documents, who make sure our I–9s are up-to-date and that we have a complete one for each new employee. This is on top of the five or six other government forms I'm required to fill out for each new hire—everything from a license for alcohol-servers to a W–4 form. The cumulative paperwork overload can be extremely confusing and complex.

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The history of the 1986 immigration law shows Congress wanted to minimize the burden and the risks placed on the employer. As you look for ways to make the law work better, I urge you to try to make the process simpler and more understandable for employers. Focus on educating rather than on penalizing employers who are try-

ing to meet their responsibilities. I know you are looking at ways to make documents counterfeit-proof and I encourage you to continue doing this.

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Thank you, and I'm happy to answer any questions the subcommittee may have.

Mr. SMITH. Thank you, Mr. Avondoglio.

Mr. Holcomb, before you start your comments, I'm going to go vote, and I think the others have already voted. Mr. Gallegly of California just returned from the vote. He is going to continue the hearing.

Mr. GALLEGLY. If the gentleman would yield, I think we have a technical problem here, do we not? We need two members in order——

Mr. SMITH. No, not to continue, just to start.

Mr. GALLEGLY. Oh, OK.

Mr. SMITH. We can continue.

Mr. GALLEGLY. All right.

Mr. SMITH. And I apologize for the votes. We'll be back as soon as we can, but there may be a period when we're all going to need to be gone, but we appreciate your patience.

STATEMENT OF RICHARD D. HOLCOMB, COMMISSIONER, VIRGINIA DEPARTMENT OF MOTOR VEHICLE

Mr. HOLCOMB. Thank you, Mr. Chairman. I appreciate the opportunity to make some comments on the critical issue of licensing drivers.

Being here today reminds me of those days not too long ago that I would accompany Congressman French Slaughter as his chief of staff to these meetings, and I certainly appreciate the opportunity to return.

The historic and original intent of a driver's license was to provide evidence that an applicant demonstrated the skills, knowledge, and ability to safely operate a vehicle on the highway. Today, however, we've seen the scope of license change from its former role of operator's license to the role of serving as identification. By supplying the license as an identification document, the driver is often eligible for government services, including receiving entitlement services, registering to vote, or even the ability to assist in the purchase of a firearm.

Since a driver's license is now playing such a pivotal role in society, there has been heighten potential for individuals to obtain a driver's license by fraudulent means. The expanding role has produced an effort by Virginia to improve the validity and integrity of the license.

One improvement that has been made is through the use of enhanced technology. In 1992, Virginia began using digitized driver's license technology which allows Virginia the opportunity to reduce the opportunities for tampering with the driver's license by storing the photograph and signature in the computer for future retrieval and comparison purposes.

This past summer, Virginia followed the lead set by our sister State to the north, Maryland, in adding a ghost image to the license, which further makes the license tamper-proof. I have some examples of that, but what the ghost image is, it's a smaller version of the driver's photograph positioned behind the biographical information, and any attempts to tamper with the license will result in visible alteration of the ghost image and surrounding information.

Although technology allows DMV to produce this highly secure document, it is only as good as the source documents presented to DMV. Certainly, DMV will not accept as proof of identification any document which it has reason to believe has been altered, fraudulently obtained, or is being misrepresented. The document must be authentic or an authentic reissue considered a duplicate. DMV does not accept photocopies or fax copies of any identifying documents, and we have developed a list of those documents that we do accept and that has been attached to my testimony.

To further enforce this process, Virginia has fraudulent document training classes for employees, so that they are familiar with the most recent documents being issued and the security features used to authenticate those documents. In addition, the class provides employees with insight into how to detect fraudulent documents based on these security features. We believe that training is a very important component of the overall licensing process, and we are in the process of updating the class to reflect changes in documents from issuing agencies.

In spite of all the regulations imposed by the State, the DMV is acutely aware of the potential of individuals to shop around for a State to get a license. Therefore, we very actively participate with other States to develop more unified procedures among those States. In addition to the work that will be described by the next witness which the American Association of Motor Vehicle Administrators is doing, we have been instrumental in meeting with bordering States to ensure consistency and acceptability of our document list, and this uniformity certainly helps reduce the opportunity to get a license where the individual is not entitled to one.

In closing, I would like to emphasize the point that Congressman McCollum brought out, and I think the last panel discussed as well. Certainly, it would be very useful if the DMV was able to electronically interface with the INS, so that we could confirm documents, as well as electronically interface with the Social Security Administration. Currently, the DMV's, all the DMV's, work through a commercial driver's license information system, as well as the National Driver Register, so that when someone comes in to get a license in the State of Virginia, we automatically know what their history is in other States and whether they are, in fact, entitled to be licensed in this State. All we would do is ask for that same type of electronic data link with the Social Security Administration and the INS, so that we, instead of confirming by telephone, could, in fact, confirm the match by electronic means.

I thank you for this opportunity to testify and would be more than happy to answer any questions.

[The prepared statement of Mr. Holcomb follows:]

PREPARED STATEMENT OF RICHARD D. HOLCOMB, COMMISSIONER, VIRGINIA DEPARTMENT OF MOTOR VEHICLES

Mr. Chairman, Thank you for the opportunity to offer comments to the Subcommittee on Immigration and Claims regarding the critical issue of licensing drivers.

The historical and original intent of the driver's license was to provide evidence that the applicant demonstrated the skills, knowledge and ability to safely operate a vehicle on the highway. Today, the Virginia Department of Motor Vehicles, as well as other states, has seen the scope of the license change from its former role of an "operator's" license to the role of serving as "identification."

By supplying the license as identification, the driver is often eligible for many government services. This access could include receiving entitlement services, registering to vote and reviewing of backgrounds for firearms purchases. Since the driver's license is now playing such a pivotal role in society, there has been heightened potential for individuals to obtain a driver's license by fraudulent means.

This expanding role has produced an effort by Virginia to improve the validity and integrity of the license. One improvement that has been made is through the use of enhanced technology. In 1992, Virginia began using digitized driver's license technology. This allows Virginia to reduce the opportunity for tampering by capturing the driver's photograph and signature in the computer system for future retrieval and comparison purposes.

In addition, the Virginia DMV added the "ghost image" to the license last year. This makes the license even more difficult to alter. The ghost image is a smaller version of the driver's photograph positioned behind the biographical information on the license and beneath the hologram signature of the commissioner. Attempts to tamper with the license will result in a visible alteration of the ghost image and surrounding information.

Although technology allows DMV to produce this highly secure document, it is only as good as the source documents presented to DMV to prove identity. Virginia has continued to review and revise the list of documents it accepts to prove identity. As recently as January 1995, DMV revised this list once again, a copy of which is attached to my written testimony. There are several reasons for revision to the list. The first reason is to provide our staff with a concrete list of documents that the agency deems acceptable to verify the individual's identity prior to license issuance. Only documents from this list will be accepted as proof of identity. The second reason to revisit this list is to determine that DMV is keeping pace with the technology employed to improve these documents and any resulting revisions to the documents issued by the INS and other federal agencies that issue identity documents.

To further enforce this process, Virginia has fraudulent document training classes for employees so they are familiar with the most recent documents being issued and the security features used in authentic documents. In addition, the class provides employees with insight into how to detect fraudulent documents based on these security features. We believe that training is a very important component of the overall licensing process and we are in the process of updating the class to reflect changes in documents from issuing agencies.

Additionally, Virginia requires proof of residency and has taken steps to reduce the number of individuals from obtaining the driver's license unless they are bona tide residents of the state.

In spite of all of the regulations imposed by states, the Virginia DMV is acutely aware of the potential for individuals to shop around for a state to get a license. We've participated with other states to develop more uniform procedures among states. In addition, a member of my staff serves as vice chairman of the Uniformity Identity Work Group through the American Association of Motor Vehicle Administrators. In addition, Virginia has been instrumental in meeting with bordering states to ensure consistency and acceptability of our documents list. This uniformity helps reduce the opportunity to get a license when the individual is not entitled to one.

In closing, I would like to emphasize one component missing in the licensing process that would greatly improve the integrity of the licenses issued. That key component is the ability to develop a method to immediately verify documents used as identity.

Currently, DMV is unable to electronically verify documents issued by the INS. This is a very crucial aspect of the licensing process since Virginia and other states are seeing a dramatic increase in the number of foreign-born individuals arriving at our offices to obtain driver's licenses.

I would like to suggest that a method to enhance the verification process would be to establish an electronic link to a centralized INS database for document ver-

ification. This electronic link would improve the integrity of the license and remove the "guess work" concerning document validity.

To illustrate the need for centralized INS storage and access, I would like to share a recent conversation that Virginia DMV had with a licensing official from Wyoming. The official stated that some regionally issued INS documents are not stored in a centralized database. Consequently, immigration status changes that are made at a regional level are not available except from the specific regional office. This type of system makes it difficult for the individual states to trace documents back to the proper regional office for identity verification prior to license issuance.

Along the same lines, an electronic link to the Social Security Administration would be extremely beneficial. This would assist motor vehicle agencies in confirming the validity of the Social Security number. This number is a key ingredient for states in establishing an applicant's driver's license eligibility status and identity.

The "system" that I envision would be similar to the current systems used with the Commercial Driver License Information System (CDLIS) and the National Driver Register (NDR). This system should allow DMV to instantaneously determine if the applicant seeking a driver's license was licensed in another state and is in good standing in that state prior to license issuance in Virginia. Establishing a similar system with INS and the Social Security Administration would benefit the states in their licensing processes, and it would be a simple procedure to implement. In addition, the impact on the customer would be minimal since there would be a quick turnaround time in the process.

Thank you.

Steps to Obtaining a Driver's License or Photo ID Card in Virginia

The Department of Motor Vehicles wants to ensure your safety when operating a motor vehicle. One way to keep Virginia's highways safe is through the careful licensing of drivers.

To apply for a driver's license, instruction permit or photo identification card, bring:

- **Two forms of identification**
  Identification documents must show your complete name and date of birth. Refer to "Acceptable Documents for Proof of Identity" in this brochure.
- **Proof of your social security number**
  Refer to "Acceptable Documents for Proof of Social Security Number" in this brochure.
- **Proof of residency**
  Refer to "Acceptable Documents for Proof of Residency" in this brochure.
- **A vehicle for the road test (If applicable)**
  You will need to take the road test only if you do not possess a valid driver's license. The vehicle must have a valid inspection sticker, county/city sticker, registration card, license plates, and working brakes, safety belts, horn, lights and turn signals

Steps to Obtaining a Driver's License

1st

When applying for an original driver's license or instruction permit, you must complete the Virginia Driver's License Application, form DL1A. This form may be completed before or after coming to a full-service DMV office.

If you are over age 18, DMV requires that you provide:

- Two identification documents showing your complete name and date of birth;
- Proof of your social security number. If you do not have a social security number, DMV will issue a control number for the driver's license or instruction permit number.
- Proof of Virginia residency.

If you are under age 18, you must furnish:

- Proof of your social security number, if you have one, and proof of identity.
- Proof that you are a resident of Virginia;
- Written consent from a parent or legal guardian. Have your parent or legal guardian sign the application form. A court order showing that the applicant is an emancipated minor is acceptable in lieu of the written consent of the parent or guardian.

In addition, you must provide one of the following:

- Proof of current school enrollment with good academic standing, OR
- Proof of counseling on the importance of school attendance, OR
- Proof of completion of high school or other equivalent education program.

Also, applicants under age 18 applying for a driver's license are required to complete a state-approved driver education program (see the *Virginia Driver's Manual* for details).

If you are age 18, but not yet 19, you must successfully complete the classroom instruction in driver education which includes the alcohol safety and drug abuse awareness components.

2

Now you are ready to submit the completed application and documents to a DMV representative for review. You will be asked to pay the licensing fee with cash or check. Driver's licenses are valid for three to seven years, depending on the number of years it takes you to reach an age divisible by five. The licensing fee is $2.40 per year, so your fee will range from $7.20 to $16.80. An instruction permit is $3 and is valid for one year.

3

The DMV representative will tell you which tests you need to take. Tests include a vision screening, written exam(s) and road test.

- To test your vision, you will be asked to look into a machine and read lines of letters/numbers to the examiner. This test determines whether your eyesight is adequate to operate a vehicle safely.
- The written exam tests your knowledge of motor vehicle laws and alcohol safety awareness, both taken from the *Virginia Driver's Manual*, available at any DMV office. The written exam may be taken only once per business day and is available in English, Spanish and Vietnamese. The test may be taken orally and, if needed, with a translator provided by you.
- The road test (for driver's license applicants only) will be administered by a DMV representative in a vehicle provided by you. Only the applicant and the DMV examiner are allowed in the vehicle during the road test. The test may be taken only once per business day.

4

If you pass the written and road tests, a DMV representative will ask you to sign a card and will take your photograph. The photograph and information will be processed while you wait. Your name will be called when your license or instruction permit is ready.

Steps to Obtaining a Photo Identification Card

1

Complete the Virginia Personal Identification Card application, DL-5. It may be completed before or after coming into a DMV office.

2

Give the completed application, two identification documents, proof of your social security number and proof of Virginia residency to the DMV licensing representative. If you do not have a social security number, a control number will be issued for the photo identification card number. The documents will be accepted only if they contain your complete name and date of birth. You will be asked to pay the fee for the ID card with cash or check. The card is valid for five years and costs $5.

3

A DMV representative will ask you to sign a card and will take your photograph. The photograph and information will be processed while you wait. Your name will be called when your identification card is ready.

Acceptable Documents for Proof of Identification

You must provide original or duplicate documents issued by the federal or state government. **No photocopies will be accepted.** The documents will be accepted only if they contain your complete name and date of birth. Acceptable documents include:

- Driver's license (with photo) issued by a state, U.S. territory or Canada (notexpired for more than six months). DMV will accept this document as proof of identity and will not require a second proof of identity. However, you must provide proof of your social security number.
- Driver's license (without photo) issued by a state, U.S. territory or Canada (not expired for more than six months). When presenting this document, you must provide an additional proof of identification and proof of your social security number.
- Birth certificate or birth certificate card issued by a U.S. jurisdiction or territory
- Unexpired photo identification card issued by federal or state government, or U.S. territory
- Virginia instruction permit (not expired for more than six months)
- Unexpired U.S. military identification card
- U.S. military discharge papers (Form DD214)
- Unexpired passport issued by a U.S. jurisdiction or territory
- Foreign passport if accompanied by a U.S. entry visa which may be expired or unexpired. The visa must be presented even if expired.
- U.S. Certificate of Naturalization or a duplicate (Form N-550 or N-570)
- U.S. Certificate of Citizenship or a duplicate (Form N-560 or N-561)
- U.S. Citizen Identification Card (Form I-197)
- A copy of the first and last pages of an application for asylum (Request for Asylum in the United States) provided that the pages are accompanied by a receipt from the Immigration and Naturalization Service (INS) showing that the asylum application has been filed. You may also submit documentation verifying that an asylum application is pending in immigration court, if it is accompanied by the first and last pages of the asylum application. Either or both of these documents will count only as one of the two proofs of identity.
- Documentation indicating a decision to grant asylum by the Asylum Office or the original of a document granting asylum issued by an immigration judge or the INS. Either or both of these documents will count only as one of the two proofs of identity.
- Order granting suspension of deportation
- Sworn affidavit from an official of a DMV-recognized refugee organization provided the official is a Virginia resident or a member of the Virginia Bar in good standing.
- Unexpired Temporary Resident Card (Form I-688)
- Unexpired Employment Authorization Card (Form I-688A or I-688B)
- Unexpired Refugee Travel Document (Form I-571)
- Unexpired I-94 or, if expired, accompanied by an unexpired I-797.
- Unexpired Alien Registration Card (Form I-551, I-151, AR-3A or "unexpired processed form for an I-551" stamped in the passport). DMV will accept this document as proof of identity and will not require you to submit a second document. However, you must furnish proof of your social security number.
- Certified copy of your school records issued by a U.S. jurisdiction or territory
- U. S. Selective Service Card
- Health insurance card or policy stating your full name, date of birth and social security number
- Life insurance policy (it must have been issued at least three years prior to the application for license or identification card)
- Unexpired welfare/social services card with photo identification

- Parole documents issued by the Virginia Department of Corrections or parole board of a U.S. jurisdiction or territory. The document must contain the name under which you were arrested.

Acceptable Documents for Proof of Social Security Number

- Social security card
- W-2 tax form
- Income tax return from a previous year
- Payroll check or check stub
- Unexpired U.S. Military identification card

Acceptable Documents for Proof of Residency

DMV will accept the documents listed below as proof of residency. All documents must be written in English and show the name and address of the applicant's principal Virginia residence as it appears on the application for license.

- Payroll check or payroll check stub issued by an employer within two months of the application
- Voter registration card
- U.S. Internal Revenue Service tax reporting W-2 form (not more than 18 months old)
- Bank statement (not checks) that is not more than two months old
- U.S. passport
- U.S. income tax return from the previous year
- Virginia income tax return for the previous year
- Virginia vehicle registration card or title
- Utility bills issued to applicant
- Receipt for personal property taxes or real estate taxes paid to the Commonwealth of Virginia or Virginia city, county, town or locality within the last year
- Current automobile or life insurance policy
- Transcript from a school, college or university in which the applicant is currently enrolled
- Virginia driver's license, DMV photo identification card or permit issued on or after July 1, 1994

If you do not have one of these documents, please see a DMV public services specialist for a residency verification form. This form requires a Virginia resident with an unexpired license to verify that you reside in Virginia. This form may be notarized by a public notary or witnessed by a DMV employee.

Acceptable Documents for Proof of Name Change

- Marriage certificate
- Divorce decree, if the decree states the change from married name to maiden name
- Original or teste copy of the court order granting the name change.

If you are applying for a photo identification or driver's license for the first time and your name has been changed, one of the above documents must be presented. This is in addition to the documents required as proof of identity and social security number.

DMV will not accept a document as proof of identification or residency when there is reason to believe it has been altered, fraudulently obtained or is fake, forged, counterfeit, or otherwise non-genuine or illegitimate. In addition to the documents used in this brochure, DMV may require additional documentation, including an actual social security card, if there is reason to suspect that fraudulent, fake, forged, altered, or otherwise non-genuine or illegitimate documents have been submitted.

Mr. GALLEGLY [presiding]. Thank you, Mr. Holcomb.
Mr. Rickert.

STATEMENT OF MARSHALL RICKERT, MOTOR VEHICLE ADMINISTRATOR, STATE OF MARYLAND, ON BEHALF OF THE AMERICAN ASSOCIATION OF MOTOR VEHICLE ADMINISTRATORS

Mr. RICKERT. Thank you, Mr. Chairman.

I'm Marshall Rickert, motor vehicle administrator for the State of Maryland and chairman of the board for the American Association of Motor Vehicle Administrators. I'm pleased to testify on behalf of our association today and of its members on this important issue.

The American Association of Motor Vehicle Administrators is a voluntary association representing motor vehicle administrations and highway safety agencies in the United States and Canada. For more than 60 years, AAMVA has played an active role in promoting highway safety, consumer awareness, and uniformity throughout North America.

I appreciate the opportunity to appear before this subcommittee to discuss issues related to improving the integrity of the identification documents utilized to obtain a driver's license and to acquaint the subcommittee with efforts AAMVA has initiated to address identification fraud problems.

At the onset, let me assure the subcommittee that the motor vehicle administrations are both aware of the rising incidence of document fraud and appreciate the fact that the driver's license has become a de facto national identification card, accepted and often necessary as identification for everything from cashing a check or verifying a credit card purchase to gaining admission to government facilities, including the White House itself. AAMVA believes that there are two basic components to reducing identification fraud: establishing uniform identification standards and procedures and utilizing new technology such as digitized imaging to improve the transmission of information between State, local, and Federal Government agencies.

In an effort to address the first issue, AAMVA has created a uniform identification working group composed of members of the United States and Canadian driver licensing agencies to review all aspects of the identification issue and, more importantly, to develop uniform identification practices that all jurisdictions will be encouraged to adopt. The group has developed recommendations for establishing uniform practices that are currently being reviewed by AAMVA's driver licensing community. Once they have been officially adopted as association policy, we will begin developing training materials and procedures to assist our member States to implement the recommendations.

The first basic requirement of the system proposed by the group is the use of an approved list of identification documents for driver license and identification card applicants and those seeking a name change. The group recommends that at least one primary document and one secondary document from a list of approved documents be presented as proof of identity, and a list of the primary and secondary documents recommended is included with my testimony.

Another key element of a uniform identification system is the issuance of a unique identifier for each individual. Whether a biometric identifier, a Social Security number, or a digitized image, a unique identifier will allow licensing officials to verify an individual's identity at the time of application and to better locate individuals once licensed.

I would like next to briefly address the second major component in reducing document fraud, which is the use of new technology to communicate identifying information between government agencies. Here, again, AAMVA has taken the lead in encouraging the development of technology compatible among member States and provinces. Our goal is the establishment of a system to facilitate the transmission of not only driver and vehicle records, but also photographs and signatures electronically between States, allowing the verification of a person's identity at driver licensing facilities anywhere in the country. A corollary benefit of developing this system would be the creation of a de facto single, though distributed, data base.

At this time there are 26 States who are actively developing digitized technology. As I've explained, the States are developing the technology, so that it's compatible with one another. So the images are collectively being loaded into a single data base. As of now, there are in excess of 50 million photographs and signatures in this data base, and as additional States go through the driver license renewal cycle, that data base will grow. It's fully compatible, and as soon as we have finished developing our networks, we can transmit the information State to State.

The adoption of these proposed uniform procedures in this fully integrated nationwide data base would, when fully implemented, virtually eliminate State hopping to obtain illegitimate identification credentials. Like other witnesses, I would be remiss if I did not note the concern that, while motor vehicle agencies have been moving toward a harmonization of technology, State systems are for the most part currently incompatible with Federal communications systems. I, like others before me, urge this subcommittee to encourage those Federal agencies, with whom motor vehicle administrators will most likely interact, particularly INS and the Social Security Administration, to make these systems compatible with those being developed by the States. They should be encouraged to remove regulatory restrictions inhibiting the free exchange of information to facilitate the electronic access of these systems for purposes of corroborating the validity of information on documents submitted by driver license applicants.

Thank you very much.

[The prepared statement of Mr. Rickert follows:]

PREPARED STATEMENT OF MARSHALL RICKERT, MOTOR VEHICLE ADMINISTRATOR, STATE OF MARYLAND, ON BEHALF OF THE AMERICAN ASSOCIATION OF MOTOR VEHICLE ADMINISTRATORS

Good Morning, I am Marshall Rickert, Motor Vehicle Administrator of the State of Maryland and Chairman of the Board for the American Association of Motor Vehicle Administrators. This morning I am pleased to testify on behalf of our Association and its members on this important issue.

The American Association of Motor Vehicle Administrators (AAMVA) is a voluntary association representing motor vehicle administrators and highway safety officials in the United States and Canada. For more than sixty years, AAMVA has

played an active role in promoting highway safety, consumer awareness, and uniformity throughout North America.

I appreciate the opportunity to appear before this Subcommittee to discuss issues related to improving the integrity of identification documents utilized to obtain a drivers license, and to acquaint the Subcommittee with efforts AAMVA has initiated to address this problem.

At the outset, let me assure this Subcommittee that motor vehicle administrators are both aware of the rising incidents of document fraud and appreciate the fact that the driver license has become a "de facto" National Identification Card, accepted, and often necessary, as identification for everything from cashing a check or verifying a credit card purchase to gaining admission to government facilities, including the White House itself.

AAMVA, with support from the National Highway Traffic Safety Administration, initiated efforts to address the fraudulent identification problem during the 1970's. One of the direct results of these efforts was the development of a Fraudulent Identification Prevention Program initiated during the early 1990's, which trained 120 representatives of driver licensing agencies from 56 states and provinces.

AAMVA believes that there are two basic components to reducing identification fraud: establishing uniform identification standards and procedures, and utilizing new technology such as digitized imaging to improve the transmission of information between state, local and federal government agencies.

In an effort to address this first issue, AAMVA has created a Uniform Identification Working Group, composed of members of U.S. and Canadian driver licensing agencies, to review all aspects of the identification issue and to develop Uniform Identification Practices that all jurisdictions will be encouraged to adopt.

This Working Group has developed recommendations for establishing Uniform Identification Practices that are currently being reviewed by AAMVA's driver licensing community. Once these changes have been officially adopted as Association Policy, AAMVA will begin developing training materials and procedures to assist our member states to implement these recommendations.

The first basic requirement of the system proposed by the Working Group is the use of an approved list of specified identification documents for drivers license and identification card applicants and those seeking a name change. The Working Group recommends that at least one primary document and one secondary document, from a list of approved documents, be presented as proof of identity. A primary document must contain the applicant's full name and date of birth and be verifiable. Primary documents include: photo drivers licenses, state issued ID cards, military ID cards, original or certified copies of state or Canadian birth certificates, valid passports, INS issued documents and other similar documents. Secondary documents will further confirm the applicants identity and include: marriage certificates, medical records, social security cards, and other similar documents.

Another key element of a uniform identification system is the issuance of a unique identifier for each individual. Whether a biometric identifier, social security number, or digital image, a unique identifier will allow licensing officials to verify an individual's identity at the time of application and to better locate individuals once licensed.

I would like to next briefly address the second major component in reducing document fraud, which is the use of new technology such as digitized imaging to communicate identification information between government agencies. Here again, AAMVA has taken the lead in encouraging the development of technology that is compatible among its member states. Our goal is the establishment of a nationwide system to facilitate the transmission of not only driver and vehicle records, but driver photographs and signatures electronically between states, thereby allowing the verification of a person's identity at driver licensing facilities anywhere in the country. A corollary benefit of developing this system would be the creation of a "de facto" single, though distributive, data base.

The adoption of these proposed uniform identification procedures and this fully integrated nation-wide data base would, we believe, virtually eliminate "state-hopping" to obtain illegitimate identification credentials.

I would be remiss if I did not note the concern of my fellow administrators that while motor vehicle driver licensing agencies have been moving toward a harmonization of communication technology, regretfully, state systems are for the most part currently incompatible with federal communication systems. I urge this Subcommittee to encourage those federal agencies with which motor vehicle administrators would most likely interact, particularly the Immigration and Naturalization Service and Social Security Administration, to make those systems compatible with those being developed by the states. These agencies should be encouraged to remove any regulatory restrictions which may inhibit the free exchange of information with the

states to facilitate the electronic access to these systems by states for the purpose of corroborating the validity of information on documents submitted by driver license applicants.

In closing, I can assure this Subcommittee that motor vehicle administrators, through AAMVA, continue to pursue new technological solutions for deterring identification fraud. I appreciate his opportunity to provide testimony on AAMVA's efforts to develop Uniform Identification Practices for its members. I would be pleased to answer any questions the Subcommittee might have on this issue.

Mr. GALLEGLY. Thank you, Mr. Rickert.

Mr. McLean.

STATEMENT OF A. TORREY McLEAN, STATE REGISTRAR, NORTH CAROLINA DEPARTMENT OF VITAL RECORDS

Mr. MCLEAN. Thank you, Mr. Chairman. As last speaker, I'll try to make my talk mercifully brief and still make a point.

I'm representing the Association for Vital Records and Health Statistics. On behalf of that association, I'd like to express my gratitude to the subcommittee for the opportunity to voice the concerns, some of the concerns, that State registrars throughout the country have regarding the improper and illegal use of birth certificates. This is a very widespread problem that in general, is due to two major reasons.

The first is the fact that there are several thousand certifying offices throughout the country, and throughout this area there's no uniform standard for issuing copies of certificates. As a result, there are many hundreds of variations available.

The second major problem is simply a lack of resources at the State level to take proper protective actions to implement proper security measures. As you all know, birth certificates are used fraudulently by fugitives from justice, so that they can establish identities to evade law enforcement efforts. Additionally, they're used by illegal aliens to fraudulently claim American citizenship in the workplace and when applying for entitlements. Additionally, birth certificates are used fraudulently by others to commit consumer or entitlement fraud. These all add up to gigantic expenses to our Federal Government, State governments, and to the private sector.

Unfortunately, it's very easy to obtain a copy of a birth certificate to be used fraudulently. One method of doing this is by counterfeiting or otherwise falsifying a certificate, and Mr. Rasor, from the Secret Service, explained that very well earlier this morning. This is made much easier by the facts I've already alluded to, which are that there are so many issuing offices throughout the country, and there are no uniform standards applied as far as the type of paper or the security features in the paper of the certificate. Additionally, technological advances have made it possible to copy almost everything as well as the States can produce them. That's an unfortunate but simple fact.

Another method of obtaining fraudulent certificates or obtaining certificates for fraudulent use is simply to impersonate someone else, whether that person is living or dead. In the case of impersonating someone that's deceased, it's relatively easy to obtain that person's certificate and then impersonate that person and avoid any sort of trail. This is made much easier by the fact that most

birth and death records throughout the United States are not cross-matched or cross-indexed.

As a result, once in the hands of the wrong people, these millions of fraudulent birth certificates can be used repeatedly for fraudulent purposes in several areas. What can the Federal Government do to help resolve this situation? Well, I have two major suggestions. One, at little or no cost to the Federal Government, the Government could support the use of uniform standards on all copies of birth certificates issued simply by encouraging Federal departments and agencies to accept only those certificates that met certain standards regarding the type of paper used, the security features used on that paper, and the method of certification. Departments and agencies such as the Department of Labor, INS, the Social Security Administration, and others could make a real impact by doing this.

The other method that would really help would be to provide sufficient resources to the States to help address this problem; specifically, to improve the security of features used on birth certificates and to cross-match births and deaths, so that every time someone dies, that person's birth certificate is noted accordingly. Additionally, funds would be very useful for helping implement the electronic exchange of data and the automation of birth and death data bases.

The results could be that law enforcement efforts on the Federal, State, and local levels would all be improved and assisted. Federal and State entitlement fraud could be significantly reduced. Consumer fraud could be reduced, and employee verifications would be much easier in the workplace. These would all translate into huge savings throughout the country.

In conclusion, with such support, the States can work independently and through the Association for Vital Records and Health Statistics to improve the situation. Thank you, Mr. Chairman.

[The prepared statement of Mr. McLean follows:]

PREPARED STATEMENT OF A. TORREY MCLEAN, STATE REGISTRAR, NORTH CAROLINA DEPARTMENT OF VITAL STATISTICS

I am A. Torrey McLean, State Registrar of Vital Records of North Carolina. I am representing the Association for Vital Records and Health Statistics, and on behalf of that organization, I wish to express appreciation for the opportunity to briefly discuss some of the concerns that state vital records registrars share about the fraudulent use of birth certificates throughout the country. These concerns result from a general lack of uniformity of forms and safety paper used to certify births and at the state level, a lack of resources necessary to implement the security procedures necessary to reduce the widespread use of fraudulent birth certificates to defraud the Federal Government, state governments, and employers.

As you know, fraudulent birth certificates are utilized by criminals to establish false identities and thus better evade law enforcement efforts. Additionally, false birth certificates are routinely used by illegal aliens to claim U.S. citizenship, by citizens and non-citizens to fraudulently obtain Federal and state benefits, and by criminals to commit consumer fraud and other illegal acts. In particular, altered or counterfeit birth certificates are frequently presented to employers by non–U.S. citizens and by fugitives to prove U.S. citizenship or to evade detection by law enforcement agencies.

Fraudulently-used birth certificates usually are obtained in two ways. First, counterfeit certificates are easy to prepare due to a lack of standardization of the format, embossing seals, security features on safety paper, and certification processes used by the large number of offices that issue certified copies of certificates. Second, valid birth certificates are relatively easy to obtain by fraudulent methods, particularly by impersonating other living or deceased individuals. Whether counterfeit or valid,

certified copies of birth certificates in the possession of criminals and illegal aliens often are reused repeatedly.

What can be done by the Federal Government to improve this situation? First, we recommend that the Federal Government support a uniformity and standardization of forms on proper safety paper for certifying births. This can be accomplished by encouraging the Department of Labor, the Immigration and Naturalization Service, the Social Security Administration, and all other Federal offices to refuse to accept anything else as official certification of births registered in the United States. Preferably, these certificates on banknote-type safety paper should be issued or approved by each state registrar, follow a standardized format, and contain standard safety features. Second, we recommend that each state be provided sufficient resources specifically to be used to improve existing security procedures and in particular, to cross-match the millions of births and deaths that currently are unmatched. (Although cross matching birth and death records is an extremely effective security precaution, many states have been unable to perform this function due to a lack of funds.) Other security measures at the state level that could be improved by proper funding include automating birth and death databases and electronically exchanging birth and death data. These are all effective measures to reduce the most serious misuse of birth certificates, and, in our opinion, would significantly assist law enforcement efforts, prevent millions of dollars of Federal and state entitlement fraud, prevent millions of dollars of consumer fraud, and significantly improve employee identity verification within workplaces throughout the United States.

With this support from the Federal Government, the individual states can work together through the Association for Vital Records and Health Administrators to maintain and expand programs to improve the integrity of birth certification systems. In addition to reducing misuse of Federal and state funds, this will significantly assist law enforcement efforts and improve workplace verification of identities.

Mr. Chairman and members of the subcommittee, thank you for your attention to this important matter.

Mr. GALLEGLY. Well, thank you, Mr. McLean, and thanks to all the other members of the panel.

I have to apologize on behalf of the committee for all these interruptions with votes, and so on, but, unfortunately, that's something that we don't have a lot of control over, but maybe I'll try to step in for the good chairman and, hopefully, he'll be back here in a few minutes. We have another vote on. So if he comes back and relieves me, then we'll just keep the cycle going here.

Mr. McLean, obviously, this whole issue we've been discussing today about document fraud, if we really want to get down to the real nucleus or the bottom line, until we find a way to really accurately get a handle on birth records and a way to have those as part of a national register or perhaps through some other means, it appears we're going to have a very difficult time preventing access to legitimate documents through fraudulent means. Is that a fairly accurate assessment?

Mr. MCLEAN. Precisely, Mr. Chairman, and this situation is compounded by the fact that the State regulations vary so dramatically from State to State. For instance, 13 States are open record States. As matter of fact, four of them are States that the committee represents, California being one, North Carolina, Massachusetts, and Tennessee.

Mr. GALLEGLY. Well, I don't want to pick on any jurisdiction, but I happen to know that right here in the District of Columbia the birth recordkeeping procedure isn't pristine, and I'm sure that's true in other parts of the country as well.

But we talk a lot about the issue of tamper-resistant ID cards, but the concern that I have, every time I come up with the argument that we have the technological ability to provide what should be a relatively tamper-resistant ID card, and we're beginning to

have the will to do such a thing, the concern that I have has to do with how do we prevent, as I mentioned before, a card being made that is a legal card, but it is achieved through fraudulent means. It gets right back to the birth certificate. Unless there's something I'm missing, is a national register the way to do it? Also, to tie in, as you mentioned, with the death certificates as well, in a national register. Is there such a thing for death certificates or not?

Mr. McLEAN. There's no national register as such. I think Social Security Administration would probably have the closest thing to that at this point. We are working with Social Security to help utilize this to some degree.

Mr. GALLEGLY. So you would support a national register that would provide national access both on birth and death records, to have it tied together?

Mr. McLEAN. The position of the Association for Vital Records and Health Statistics is that this might be feasible if it's done carefully and all sorts of concerns are addressed. It would be a major undertaking and extremely difficult to do. I don't think——

Mr. GALLEGLY. Well, I don't know how you could undo what's already done, but I'd say, starting at day one with the births today and deaths today forward—I don't know how you go back and—maybe someone can come up with a better answer to that.

Mr. McLEAN. Perhaps. The existing State laws would also be a factor here because, as I said, some States have different laws about what's available and what is collected.

Mr. GALLEGLY. Thank you, Mr. McLean.

I see our good chairman is back. Before I have to—well, I guess there's not—can I ask Mr. Avondoglio—did I pronounce that fairly close?

Mr. AVONDOGLIO. Pretty close.

Mr. GALLEGLY. OK.

Mr. AVONDOGLIO. Avondoglio. The "g" is silent.

Mr. GALLEGLY. Mine's as tough as yours.

[Laughter.]

Mr. GALLEGLY. Anyway, the issue being a businessman, obviously—and I am a little awkward here because I missed part of your testimony, but the issue as a small businessman, verifying the legal status and complying with the I–9, have you ever hired anyone that you had second thoughts in the back of your mind, but was reluctant to move any further ahead because of fear of maybe violating a constitutional right or doing something beyond what you had the legal right to do, that you still questioned whether or not they had a legal right to be here?

Mr. AVONDOGLIO. After I hired them?

Mr. GALLEGLY. Yes. Well, or during the course——

Mr. AVONDOGLIO. During the course?

Mr. GALLEGLY. Right, or after.

Mr. AVONDOGLIO. Yes, definitely.

Mr. GALLEGLY. And this is a fairly common practice with folks in the restaurant business?

Mr. AVONDOGLIO. I would say so.

Mr. GALLEGLY. How can that be improved? Is it the documents? What is the—you have 35 pages in this little handbook——

Mr. AVONDOGLIO. Yes.

Mr. GALLEGLY [continuing]. That tells you exactly how to do it.

Mr. AVONDOGLIO. Well, the problem is there's so many documents that we have to accept. Last week I hired some people and they had documents that I had never seen before. I looked at the back of the I–9 and I found out that it was Immigration Document No. T–74 or 32, or whatever, and I got out the handbook and I looked at it, and it looked the same. So I hired the person. But there are times that you can't tell, and that's what happened to my eight people that I had working. Some of them had been working for me over 10 years.

Mr. GALLEGLY. Thank you very much.

Mr. AVONDOGLIO. They had gone back and forth to their native homeland over the 10-year period.

Mr. GALLEGLY. Well, they seem to be doing it easier than we're running back and forth to vote.

Mr. AVONDOGLIO. Yes.

[Laughter.]

Mr. GALLEGLY. Mr. Chairman, thank you.

Mr. SMITH [presiding]. Thank you.

I'll try to pick up from there and do, again, apologize for all the votes that we're having. In fact, there's going to be another vote. We'll have to play the tag team approach one more time.

Let me, Mr. Avondoglio, go to you for a couple of questions and then go back and try to pick up. You just said a while ago that it was not easy to check the documents; you get a lot of documents you haven't seen before. Would it be easier, or how much easier is it going to be, if we do succeed in reducing the number of documents to six, as the INS has suggested?

Mr. AVONDOGLIO. That would be fantastic.

Mr. SMITH. OK, that would be helpful? What about this—and you mentioned the I–9—what if, instead of an I–9 form, you had to make a telephone call, say, to the equivalent of a 1–800 number to check on an individual who was applying?

Mr. AVONDOGLIO. That would be fine as long as it's a 24-hour number——

Mr. SMITH. Right. You wouldn't have——

Mr. AVONDOGLIO [continuing]. Because we don't hire people just Monday though Friday 9 to 5.

Mr. SMITH. Right. Are you familiar with the various proposals for a verification system and, if not fraudulent-proof, then tamper-resistant cards?

Mr. AVONDOGLIO. Yes, they're doing a pilot program in five States.

Mr. SMITH. What would work best for you, do you think?

Mr. AVONDOGLIO. I think, No. 1, I don't think the Government should hold the employer financially responsible for a thing that we are doing 100 percent—I abided by the law 100 percent, and the Immigration officer told me that I will be fined something. I don't think that's right. I got the documents. They looked reasonable to me. I hired the people.

To answer your question as to what the answer is, I was just thinking in the back of my head earlier, how about something like a passport. A passport, you have the fingerprint; you have the pic-

ture; it has to be renewed every 3 or 4 years, and if people don't have one—you have to have a passport to work. If you're a citizen—I don't know. It seems like we're making the Social Security into another passport, from what I've heard today. And we already have the driver's license, which is very similar to——

Mr. SMITH. As well.

Mr. AVONDOGLIO [continuing]. What they're trying to make.

Mr. SMITH. Yes. I think as far as short-term solutions, which is one of the things I hoped that we would discover today, one is to reduce the number of cards that you would be required to look at, and that may be the best we can do immediately, in addition to trying to come up with tamper-resistant cards as well.

OK, thank you.

Mr. Holcomb, I want to go to your experience in Virginia. Virginia, as does, I think, 12 or 13 other States, has some type of tamper-resistant driver's license. A couple of questions there: Do you think that that has been worthwhile? Has it achieved its purpose? Has there been a reduction in the number of individuals who have tried to duplicate a driver's license in Virginia or not?

Mr. HOLCOMB. We do, Mr. Chairman, and, actually, as I stated in my testimony, we have further perfected the digitized license by joining Connecticut and Maryland in actually adding a ghost image to the license. And if this plastic is broken, it will be very clear that it's been tampered with.

The most important thing about the——

Mr. SMITH. So, clearly, the technology is already available——

Mr. HOLCOMB. Yes, sir.

Mr. SMITH [continuing]. To make cards tamper-resistant?

Mr. HOLCOMB. Yes, sir, and probably the best aspect of the digitized technology, from a law enforcement standpoint, is we constantly get requests from FBI or others in law enforcement to pull and print a picture and the signature of someone, and with that being stored digitized, with that being stored in the computer, it gives law enforcement a tremendous ability to follow up. So to give you a long answer to your question, yes, I think that it is a good approach.

Mr. SMITH. And have there been fewer fraudulent licenses that you've run across as a result of that?

Mr. HOLCOMB. Yes, sir. I would say that a digitized license is, clearly, harder to fraud than other licenses.

Mr. SMITH. And a number of you stated that the number of aliens applying for a driver's license has been dramatically increasing. Is there any way to determine whether those are individuals who are here legally or illegally?

Mr. HOLCOMB. Mr. Chairman, unfortunately not, because in Virginia all that we're required by statute is to prove identification. Effective July 1, 1994, we are required to prove residency within the Commonwealth of Virginia, but we are not required to prove legal presence. So someone can literally be illegally in the State of Virginia and be issued a Virginia driver's license.

Mr. SMITH. You have to take their word for it? As we heard earlier today, under the I–9 forms, all you need is two pieces of identification to sort of plug into all the——

Mr. HOLCOMB. Yes, sir.

Mr. SMITH [continuing]. Work benefits and Federal benefits available, one of which could be a driver's license, which anybody can get, and there's no way to check whether or not they're here legally or illegally.

Mr. HOLCOMB. Yes, sir.

Mr. SMITH. OK, thank you.

Mr. Rickert, I'd like to ask you about your experience in Maryland along the same lines, whether you have run across an unusual number of fraudulent driver's licenses or not. And the second part of my question would be, what can we do about it and what suggestions do you have for this committee?

Mr. RICKERT. Our experiences are virtually identical to Virginia. When we went to the digitized technology and incorporated some more advanced antitampering features, the incidence of altered driver's licenses dropped dramatically. In essence, the bad licenses that our law enforcement offices are picking up, principally around campuses and worksites, are coming from other States more and more that don't have this technology. So it's clear to me that the features that we have in our license, as is the case in Virginia, are helping.

You ask what we can do to do it better. The nub of the problem, in my opinion, is the breeder document, the document that establishes a person's identity for the first time. In my testimony——

Mr. SMITH. Give us examples. You're talking about birth certificates——

Mr. RICKERT. Birth certificates, Social Security cards; in the case of foreign applicants, INS documents, foreign birth records, those kinds of things.

The breeder document quality goes all the way up into the system, and if the breeder documents are fraudulent or invalid, then the identification or driver's license that I issue is equally invalid. Once we have a person in the system, because of the coordination and standardization of procedures across the country and because of the data base that we're developing that can go from State to State, we believe that we will have a better system, but if bad information goes it, that's the information we're sending State to State. So we have to focus on those breeder documents. We have to have access electronically to Social Security and to INS to validate that what is being presented at the counter is, in fact, a bona fide credential.

Mr. SMITH. You know, you've mentioned something that has been mentioned by a number of witnesses today, and that is the need to come up with some type of way to secure, as you just called it, the breeder document, but the primary document that is used as a basis for all the subsequent kinds of documents. In the case of the birth certificate, that's probably, I think, the most abused document or the document that is most often fraudulently duplicated. Until I think we have some form of a standardized document—and that's going to have to be the responsibility of Congress to implement that—we're never going to really, I think, get to the bottom of the problem and be able to avoid the huge proliferation of fraudulent documents that we've heard about today.

Mr. RICKERT. I fully agree, Mr. Chairman. I concurred with all the recommendations I was hearing from the witnesses——

Mr. SMITH. Let me tell you something I've heard about, and I'm just—there's no one here that can verify this, unless you just happen to know about it as well, but I am told that there are some counties in the country, and I think there are some counties in California, where anybody can obtain a birth certificate, a death certificate, a marriage license simply by going to the public library and paying a fee. People—we've apparently talked to individuals who are very embarrassed about it, but if that's the case, now we know why you can get these documents for $30 on street corners in some States and why their use is increasing, and that's I think part of the problem.

Have you all heard that or know anything about that?

Mr. RICKERT. I hadn't heard that specifically, but I do know that fraudulent documents are available on any street corner in any city.

Mr. SMITH. Yes, and you may have heard an earlier panelist today say that now they're more easily obtainable and they're cheaper. I can't imagine what that augers for the United States as far as number of individuals who are now plugging into our system as far as obtaining jobs or obtaining Federal benefits.

Mr. McLean, I'd like to go to you. And, by the way, I say "McLean" only because I happen to sometimes live in McLean, VA. Is it "McLean" or "McLean?"

Mr. MCLEAN. McLean, Mr. Chairman.

Mr. SMITH. OK, McLean.

I wanted to ask you about your experience in North Carolina and see what kind of suggestions you had, whether we should have some type of federally-mandated, uniform standards for birth certificates or a birth/death registry, and what you think of the Commission on Immigration Reform's suggestion for a national registry.

Mr. MCLEAN. To answer the first question, I think the Federal Government could encourage standardization of certificates very effectively, and at virtually no expense, simply by encouraging Federal agencies only to accept certificates that met that standard. One of the problems that exists is the fact that so many places throughout the country can issue certified copies of certificates now and there isn't one standard. But if the Federal Government would set such a standard as far as what they accept, what the offices accepted, that would have a very positive effect, I think.

As far as your other question, regarding a national registry, I think that that would be a big help. Again, that would be a herculean task, and it would be difficult to maintain accurately. I think it would be a tremendous improvement, but still have its limitations.

Mr. SMITH. It may well be the only way to avoid the problem with the breeder documents that we have today, is to have that standardized national system, and I know some people are resistant to that, but, again, I think that may be the only solution.

How easy is it to get birth certificates by mail in your experience?

Mr. MCLEAN. It's quite easy in North Carolina.

Mr. SMITH. Excuse me?

Mr. MCLEAN. It's quite easy in North Carolina. All you have to do is to send a letter to us requesting a copy of your birth certifi-

cate or your child's birth certificate and provide the correct information about the facts of birth; in other words, the correct names and correct county of birth, and that sort of thing.

Mr. SMITH. Let me ask you this. Suppose someone simply picked up a copy of a local newspaper and saw that an individual had passed away and then decided to put that individual's name on the back—on the front of an envelope for the return addressee, mail in a request for that individual's birth certificate; would they be able to get it?

Mr. MCLEAN. They may or may not. One of the programs that stops that sort of thing is cross-matching births and deaths, and it's not a complete process in any State that I'm aware of.

Mr. SMITH. So you would hope to catch it?

Mr. MCLEAN. It may or may not have been cross-indexed, depending on the State concerned.

Mr. SMITH. OK. Suppose that there was only North Carolina, who moved—a next-door neighbor of yours who you knew moved away to another State. Could you send in for their birth certificate?

Mr. MCLEAN. Yes. We don't require identification through the mail, so long as people know the facts of birth. If you mean, if you're asking if they could legally do that, no, they couldn't legally get a certified——

Mr. SMITH. I'm sure they'd be violating some law, but they could technically do that?

Mr. MCLEAN. Technically, they could do it.

Mr. SMITH. How many States that you're aware of have that availability of birth certificates obtainable through the mail?

Mr. MCLEAN. All of them, I believe.

Mr. SMITH. Every State in the United States, you can obtain a birth certificate through the mail?

Mr. MCLEAN. I'm not aware of any that don't.

Mr. SMITH. Is that the experience in Virginia and Maryland that you're aware of? OK.

Do you all have any experience with how often that opportunity is abused, or is there any way to check on that, or have you had either anecdotal evidence or other? Yes?

Mr. MCLEAN. These are very inconclusive figures, but we do have a fraud protection or detection program in our vital records operation in North Carolina. Within the last 7 months, we've issued almost 66,000 copies, certified copies, of birth certificates, and we've identified 144 false requests, and I should emphasize that's only the tip of the iceberg. That's what we know was fraudulent. That's less than a fraction of a percent.

Mr. GALLEGLY. Will the gentleman yield?

Mr. SMITH. I'd be happy to yield to the gentleman from California.

Mr. GALLEGLY. What do you do when you find a fraudulent request?

Mr. MCLEAN. Attempt to locate the appropriate law enforcement agency with jurisdiction and report it to them, so that they can hopefully make an arrest. We've had a very extensive problem with that because in North Carolina it's only a misdemeanor. The law enforcement agencies simply don't want to expend that sort of effort into arresting somebody.

Mr. SMITH. Let me yield formally to the gentleman from California for any other questions he might have as well.

Mr. GALLEGLY. Thank you, Mr. Chairman.

Just in followup, to your knowledge, has there ever been anyone prosecuted for that?

Mr. MCLEAN. Yes, we have in North Carolina.

Mr. GALLEGLY. But it's very infrequent?

Mr. MCLEAN. It's a misdemeanor and usually they plea bargain. But we have legislation in North Carolina that is being submitted right now making this a felony, and I hope that that will improve our situation. I can't speak about other States. I suspect that it's basically the same thing because these sorts of laws were written at the State level years ago, before this problem was so severe.

Mr. GALLEGLY. Prevalent? Thank you, Mr. McLean.

Mr. Avondoglio.

Mr. AVONDOGLIO. Right.

Mr. GALLEGLY. Getting better.

When I ran out a few minutes ago, I didn't give you really a chance to finish your answer. What did you do when you determined, in your estimation, maybe these folks that you had hired, which, as you mentioned, is not uncommon, even though you felt you had met the letter of the law with your good-faith effort—did you do anything or do you do anything or is it prudent to do anything?

Mr. AVONDOGLIO. I didn't hire anyone that I thought was illegal.

Mr. GALLEGLY. No, I understand. You said that, though, that there have been instances after you have done a good-faith effort and met the letter of the law, as you understand it, that you really had some second thoughts, maybe at least second thoughts and maybe even a little more, as to whether these folks truly were here legally or not.

Mr. AVONDOGLIO. Right. Well, that's what happened to me. Immigration got one of my guys, and then Immigration came in and said that, "We think your other seven are illegal." Then we had a meeting with Immigration. I told my guys that Immigration wanted to talk to them, and they all showed up that day, that time, and they spoke to them, and then Immigration, basically, said to them, "What's your name? Are you legal or illegal?" right around the table.

Mr. GALLEGLY. And, obviously, there were some that were not legal; is that correct?

Mr. AVONDOGLIO. Correct.

Mr. GALLEGLY. Now did the officials—I guess this was INS folks that were out there?

Mr. AVONDOGLIO. Right.

Mr. GALLEGLY. Did they do anything other than see that they were terminated from your job and let them go on their merry way?

Mr. AVONDOGLIO. They told me that I had approximately 1 week to terminate them.

Mr. GALLEGLY. You had a week to terminate them after they had decided that they were in the United States illegally as illegal aliens?

Mr. AVONDOGLIO. Right.

Mr. GALLEGLY. INS said, go ahead and let them work, and then they have to leave after a week, and then go down the street and get a job somewhere else?

Mr. AVONDOGLIO. We were right in the middle of our busy period, and I told them—I told them that it would put an undue burden on myself and our business if I had to let all these people go immediately.

Mr. GALLEGLY. So it's obvious they didn't take them into custody then?

Mr. AVONDOGLIO. No.

Mr. GALLEGLY. Did they take them into custody after the 7 days that——

Mr. AVONDOGLIO. No, they did not. They told them that they could not be seen on my premises. If they're seen on my premises, I could be in big trouble.

Mr. GALLEGLY. But it would be OK to go down and work for your competitor?

Mr. AVONDOGLIO. Yes.

Mr. GALLEGLY. That's all, Mr. Chairman.

Mr. SMITH. I thank the gentleman from California.

I think we're to the end of our panel, and let me say, that I think we have answered, thanks to you all, and thanks to the other panelists, some of the questions that I started off by asking today in regard to enforcement of employer sanctions and the need for a verification system.

I heard today the INS testify, for example, that it was only using 1.5 percent of its budget to enforce employer sanctions, and, yet employer sanctions is the primary way that we can try to deter individuals from—or discourage individuals from—coming into this country and taking jobs to which they are not entitled. It seems to me that, if we are serious about the need to control illegal immigration, that we're going to also have to be serious about the enforcement of employer sanctions. Having a level budget when it comes to enforcement of employer sanctions, which is what has been the case with the INS for the last 3 years, is certainly not adequate.

We didn't get today, I don't think, sufficient answers to the questions about enforcement of employer sanctions when it comes to the number of INS investigators. For them to only average 12 cases a year seems to me to be a paucity of numbers, and I would hope that there would be some way for the INS not only to perhaps be more active in the cases that they pursue, but also to get the personnel and the resources they need to properly enforce employer sanctions. Certainly, what they have now and what they've been given by past Congresses has not been adequate, and, quite frankly, I have to say I've been disappointed in this administration. As we saw in the very first budget that they had an opportunity to control, the number of investigators in the INS and the number of employees in the Department of Labor that were used for worksite enforcement of employer sanctions actually slightly went down, rather than up. Then for the 1996 budget, we've suddenly seen a 30-percent increase. As I said earlier, I welcome election eve conversions; a lot of people have had them in the last couple of months. Hopefully, we're going the right direction now.

I think that we've also learned of the absolute need to have a better verification system. Now we don't know the answer to which verification system. We've heard some good suggestions today. For instance, the idea of the national registry from the Commission on Immigration Reform, where you would link the Social Security Administration and the INS and be able to perhaps make a telephone call in a number of pilot programs that would be ongoing and get the proper information—all that is a step in the right direction, but, ultimately, their information is only as good as the information they are given.

The information they are given oftentimes comes from documents such as birth certificates, which we've just heard can be obtained in the mail without even checking the individual's identity. I realize that's of necessity, but that is still part of the problem and it does point to the need for some kind of a national standard that we can apply that we can keep track of all the births and all the deaths and try to get to the root cause of so many of the fraudulent documents that, as we've heard today, are now becoming more used and are now available at cheaper cost than ever before.

So let me thank you all again for being here today. Mr. Avondoglio, I understand that you've come the farthest. What did you say, an hour west of New York City?

Mr. AVONDOGLIO. Yes.

Mr. SMITH. So a special thanks to you as well.

Mr. AVONDOGLIO. Thank you.

Mr. SMITH. We appreciate all your contributions.

The subcommittee stands adjourned.

[Whereupon, at 1:44 p.m., the subcommittee adjourned.]

APPENDIXES

APPENDIX 1.—RESPONSES OF ROBERT RASOR, SPECIAL AGENT, SECRET SERVICE, U.S. DEPARTMENT OF THE TREASURY, TO ADDITIONAL QUESTIONS SUBMITTED BY CHAIRMAN SMITH

DEPARTMENT OF THE TREASURY
UNITED STATES SECRET SERVICE

March 20, 1995

MAR 22 1995

The Honorable Lamar Smith
Chairman
Subcommittee on Immigration and Claims
U.S. House of Representatives
Washington, D.C. 20515-6216

Dear Chairman Smith:

On behalf of Director Eljay Bowron, I would like to thank you and the subcommittee for being given the opportunity to have Special Agent Robert Rasor testify at your March 3, 1995 hearing. Your recognition of our role in helping find solutions to the issues addressed by your subcommittee is very much appreciated.

In response to your March 7th request for additional information, I am providing Mr. Rasor's written responses as an enclosure hereto. Additionally, if deemed appropriate, we would welcome the opportunity to grammatically edit portions of the transcript in which Mr. Rasor was a participant.

If we may provide any additional information, please contact our office on 202-435-5676.

Sincerely,

William H. Pickle
Executive Assistant
to the Director
Congressional Affairs

Enclosure

Q1) Is the Social Security card still a "unique" identifier, as it was originally?

A1) It has been the experience of the Secret Service that the Social Security card is not a unique identifier and was never intended to be used for personal identification. It is used on some state driver's licenses, for employment records, for tax records, on marriage certificates, on birth and death certificates, and for obtaining other identification documents.

Q2) Is the Social Security card secure from fraud?

A2) It has been the experience of the Secret Service that the Social Security card is neither unique nor protected against counterfeiting or imposter use. The new issue of Social Security cards have added features to attempt to make it more difficult to counterfeit, but through the use of computers and "desk-top" publishing programs it can still be readily counterfeited.

Q3) Does a Social Security card provide any means of determining whether its bearer is the person to whom it was issued?

A3) It has been the experience of the Secret Service that the Social Security card does not provide any means of determining whether its bearer is the person to whom it was issued. The Social Security card is a paper document with a name and a number. There is no means to determine if the bearer is the person to whom it was issued. Even if the Social Security card had additional features such as a photograph, hologram, or magnetic stripe, this type of document is still readily counterfeited as evidenced by the ease in which credit cards, which have these features, are counterfeited.

Q4) What purposes, other than obtaining Social Security benefits, are fraudulent cards or fraudulently obtained cards used for?

A4) It has been the experience of the Secret Service that fraudulent Social Security cards or numbers are used to open fraudulent bank accounts, to defraud financial institutions, to obtain genuine driver's licenses or state identity cards, to submit fraudulent tax returns, or to gain entry or multiple entries into local, state, and federal welfare and entitlement systems. They can be used by illegal aliens to gain employment in the United States.

Q5) Are there any other real problems with the current Social Security cards?

A5) Fraudulent Social Security cards or fraudulently obtained Social Security cards can be used as a base document to defraud financial institutions, or state and federal government entitlement systems.

Q6) Are there lessons we can learn from private industry, particularly financial institutions and credit card companies, in improving the security of federal and state documents?

A6) Financial institutions and credit card companies are suffering substantial economic losses due to fraud. Their largest losses are do the counterfeiting of credit cards, and from "desk top" publishing programs which allow criminals to counterfeit financial instruments and identification, including Social Security cards, using scanners and computers. Encoders and embossers are readily available which allow criminals to counterfeit credit cards and re-encode the magnetic stripe on credit cards with ease. Fraudulent applications, in which criminals apply for credit cards using false information, or legitimate information of victims, is easily committed using false identification.

The lesson to be learned is that current systems of identification based on paper or plastic documents for identification does not work. Economic criminals are targeting our nations financial and entitlement systems using false identification as their entry into the systems. Technology has out-distanced the current system of identification. The reliable and positive identification of a person's identity is clearly the most significant means to prevent fraud. Reliable identity verification is available through the Automated Fingerprint Identification System (AFIS). This is a computer system that serves as a depository of electronically scanned fingerprint files, which allows a quick comparison of these files when attempting to match fingerprint records. AFIS can solve the problems associated with the unlawful use of counterfeit identification or financial instruments by linking personal identifiers with the use of the bogus items themselves.

APPENDIX 2.—RESPONSES OF A. TORREY MCLEAN, STATE REGISTRAR, NORTH CAROLINA DEPARTMENT OF VITAL RECORDS, TO ADDITIONAL QUESTIONS SUBMITTED BY CHAIRMAN SMITH

State of North Carolina
Department of Environment,
Health and Natural Resources
State Center for Health & Environmental Statistics

James B. Hunt, Jr., Governor
Jonathan B. Howes, Secretary
Delton Atkinson, Director

March 14, 1995

Congressman Lamar S. Smith
Chairman, Subcommittee on Immigration and Claims
U.S. House of Representatives Committee on the Judiciary
2138 Rayburn House Office Building
Washington, DC 20515-6216

Dear Congressman Smith:

Thank you very much for the opportunity to testify as a representative of the Association for Vital Records and Health Statistics (AVRHS) before the Subcommittee on Immigration and Claims on March 3rd. I found it to be an interesting and rewarding experience, and hope that my verbal testimony and written statement will be of some use to the members of the Subcommittee.

As to the Subcommittee's additional questions, my responses are as follows:

QUESTION: Do you know how many local registrars there are in North Carolina? Do they all issue their own independently designed birth certificates?

ANSWER: Yes, to both questions. Each of North Carolina's 100 counties has a local registrar, who usually is the register of deeds. Of these, 98 issue certified copies of birth certificates, along with 3 county health departments (one county issues copies of its birth certificates from both its register of deeds office and its county health department). Of this total of 101 offices that issue certificates for their respective counties, 40 use a standardized form designed by this office, with only the names of the counties and the names of the registers of deeds differing [see enclosed sample Form DEHNR 3914]. The remaining 61 offices use independently-designed forms that vary considerably. This office (the Vital Records Section of the Department of Environment, Health, and Natural Resources), issues certified copies of <u>all</u> North Carolina birth certificates.

QUESTION: Is any sort of special paper or process used to make North Carolina birth certificates difficult to alter?

ANSWER: Yes. This office (the Vital Records Section) uses Form DEHNR 3909 whenever possible to certify births. Both this form and Form DEHNR 3914 referred to above have the following security

North Carolina Vital Records

P.O. Box 29537, Raleigh, North Carolina 27626-0537 Telephone 919-733-3000 FAX 919-733-1511
An Equal Opportunity Affirmative Action Employer 50% recycled/10% post-consumer paper

features: artificial watermark, chemical void feature, laid lines, dual image numbering, high resolution border, latent image, lithographic seal, prismatic printing, microprinted ruled line, and other features intended to make altering and counterfeiting the certificates as difficult as possible [see enclosed specification sheet]. Most of the other 61 offices that certify births in North Carolina use certificates with few if any security features.

QUESTION: Would you support federally mandated uniform standards for birth certificates? What about a nationwide birth/death registry?

ANSWER: Yes, to both questions. I fully concur with the AVRHS' position supporting federally-mandated uniform standards for birth certificates. I also agree with AVRHS support of a nationwide birth/death registry, so long as state registrars in the AVRHS can assist with the design and implementation of any such system. I should add that I believe that a nationwide birth/death registry will be difficult and expensive to design, implement, and maintain accurately and securely. Nevertheless, I believe that the benefits of an effectively-designed and well-maintained system would more than justify all expenses and difficulties involved.

I hope that these responses and the enclosures adequately answer the Subcommittee's questions. If not, I will be happy to elaborate further.

Personally, I am very pleased that the Subcommittee is addressing this important issue.

Sincerely,

A. Torrey McLean

A. Torrey McLean, CRM
State Registrar and Chief
Vital Records Section

ATM:la

cc: Michael R. Lavoie, President, AVRHS

CERTIFICATION OF VITAL RECORD

STATE OF NORTH CAROLINA

CERTIFICATE OF LIVE BIRTH

SAMPLE

SAMPLE

This is to certify that this is a true and correct abstract of the official record filed in this office.

A. Torrey McLean
State Registrar

Any alteration or erasure voids this certificate. Do not accept unless on security paper with Vital Records seal clearly embossed in left corner.

THE GREAT SEAL OF THE STATE OF NORTH CAROLINA

DHHNR 3909 (Revised 8/92)
VITAL RECORDS SECTION

2062901

CERTIFICATION OF VITAL RECORD

STATE OF NORTH CAROLINA
CUMBERLAND COUNTY
OFFICE OF REGISTER OF DEEDS

SAMPLE

SAMPLE

This is to certify that this is a true and correct reproduction or abstract of the official record filed in this office.

George E. Tatum
Register of Deeds
Cumberland County

0003441
Witness my hand and official seal
this the_____ day of _____ 19____ By. _____
Deputy/Assistant Register of Deeds

Any alteration or erasure voids this certificate. Do not accept unless on security paper with seal clearly embossed in left corner

THE GREAT SEAL OF THE STATE OF NORTH CAROLINA

DEHNR 1914 (Revised 1991)
VITAL RECORDS SECTION

Specifications For Continuous Form Certificates Vital Records Section Form Number DEHNR 3909

ITEM 1—STATE CONTINUOUS SHORT FORM

I. Size

Form size = 9½ inches (width) x 7 inches (length).

Trimmed size = 8½ inches (width) x 7 inches (length). (Sample attached).

II. Document Construction and Paper Stock

A. One part true continuous form printed on one side with ½" pin feed on each side.

B. 24 lb. white bond paper compatible with intaglio process and without optical brighteners.

C. Artificial watermark on the reverse visible at 45 degree angle.

D. Intaglio steel plate printed documents must be acceptable for processing on computer printers (vertical spacing = 6 lines per inch, horizontal spacing = 10 characters per inch). printing is by fine line banknote intaglio steel plate and surface printing or high resolution printing with a fluorescent erasure-sensitive ink.

E. Vertical perforations ½" from each margin. Horizontal perforations between each form.

F. Void feature: When the eradicator touches the paper, the word "void" appears in three (3) languages (English, Spanish, and French), making it impossible to alter a document without detection. Once activated, the VOID feature must remain activated permanently.

G. Laid lines: Lines which are spaced unevenly in the base paper on the reverse of the document, making it difficult to cut and paste.

H. Dual image numbering: A red halo appears around the black serial numbers. The special red ink bleeds through to the back of the document for easy verification.

III. Security Printing

A. Fine line banknote intaglio steel plate or high resolution printing with one color face to constitute a fine line lathe work high resolution border.

B. Latent Image: Include the letters "V" and "R" in a positive negative treatment, to appear only when viewed from a prescribed angle and rotated 90 degrees.

C. Lithographic seal of the STATE OF NORTH CAROLINA on bottom left of document.

D. Prismatic printing: The printing includes a fine line color copier void pantograph erasure sensitive background in pink-blue-pink color patterns. The color copier void must activate on the latest copier technology at the highest range of settings.

E. Border color: blue.

F. A line of micro printing of words "VITAL RECORD" repeated to appear as a ruled line when viewed without magnification. The microprinting should be .008" in height, unreadable to the naked eye, but readable under 10 power magnification.

G. Face text material to be surface printed in black ink.

IV. Numbering

A. Consecutive control numbers to be printed in red ink on the obverse of the document in the lower corner.

B. Vendor to guarantee that there are no missing or duplicate numbers.

V. Packaging

A. Shrink wrapped: 500 per package.

B. Packed in cartons of uniform size and equal quantities not to exceed 40 lbs. gross weight each.

C. The following label to appear on end of each carton: Document, quantity, and starting and ending numbers.

VI. Delivery

A. All documents printed will be delivered under security conditions and clearly marked for inside delivery.

B. F.O.B.

VII. Manufacturing Security

Vendor must certify to the following security measures:

A. Printing security: All work on the document will be executed under secure conditions entirely on the premises of the vendor without exception and will not be subcontracted to others. All work, plates, and materials will be kept in locked vaults. All spoilage will be securely destroyed by incinerating on premises of the vendor.

B. Outside perimeter plant security:

Fire door must have break alarm bell for local alert in the event of exit.

Uniform locking devices on all outside doors, i.e. burglar alarm systems.

A log kept for all visitors entering office of manufacturing area.

Loading platforms arranged to prohibit truck drivers or delivery personnel from entering plant.

All production areas must have limited access.

C. Inside plant security:

Plant guarded by full-time armed guard force 24 hours/day, 7 days/week.

Printing plates produced only under maximum security conditions stored in vaults when not in use.

Work stored in controlled vaults requiring dual access entry.

APPENDIX 3.—RESPONSES OF RICHARD D. HOLCOMB, COMMISSIONER, VIRGINIA DEPARTMENT OF MOTOR, TO ADDITIONAL QUESTIONS SUBMITTED BY CHAIRMAN SMITH

COMMONWEALTH of VIRGINIA
Department of Motor Vehicles
2300 West Broad Street

RICHARD D. HOLCOMB
COMMISSIONER

MAIL ADDRESS
POST OFFICE BOX 27412
RICHMOND, VIRGINIA 23269-0001

March 17, 1995

The Honorable Lamar Smith
Chairman Judiciary Subcommittee on Immigration and Claims
2138 Rayburn House Office Building
Washington, D. C. 20515-6216

Dear Congressman Smith:

Thank you for your recent letter regarding additional questions about driver licenses. I appreciate the opportunity to respond.

Your first question is about the total cost to the Commonwealth of adding biographical information to the Virginia driver's license. This question is difficult to answer because we have always had some distinctive biographical information on our licenses. However, we have made modifications to the information due to operational or legislative requirements. For instance, we recently added organ donor information to our driver license and identification cards. This required systems programming at an estimated one-time cost of $51,500. In addition, there would be minor costs associated with training our personnel and notifying the public. However, these particular costs are not quantifiable because they are accomplished in concert with many other legislated changes effective during the same period. While this has been our experience, it should not be assumed that other jurisdictions' experience would be the same, due to the many different system configurations.

Your second question asked about identification technology and would we ever be able to issue totally secure driver licenses. Driver license security is always a trade-off between cost, customer service, and the reason people are required to have a driver's license. We are aware of a two dimensional bar coding process that the American Association of Motor Vehicle Administrators (AAMVA) has supported as a technologically advanced system. Also, finger printing offers greater security. Our present digitized license with its security laminate, ghost image and hologram with a signature, meets all Virginia Code requirements for a driver's license. Because our license photographs are stored digitally, we also can retrieve them as needed for verification regarding law enforcement purposes. Our system is expandable to allow us to add more capability. It is doubtful any license system can ever be totally secure. However, to compromise a system such as ours will be expensive, and would only be attempted when the rewards are there. The more drivers' licenses are used for identification and other purposes unrelated to driving, the more probable it is that it would be profitable to breech the technology.

A Partnership With the Public

92-729 O - 95 - 5

The Honorable Lamar Smith
March 17, 1995
Page 2

Your third question pertained to fraudulent document training classes for our employees. Virginia has a requirement that each Customer Service Center clerk take a five-hour class designed to teach them to recognize fraudulent documents. Our major emphasis pertains to birth certificates, social security cards, passports and VISA's, driver's licenses/photo identification cards, and immigration documents. I am enclosing a student guide that outlines the teaching material. Due to the nature of the subject matter and the many documents involved, it is an ongoing process to keep the materials up to date.

We have been contacted by other states and have sent them information regarding our program. Most recently West Virginia, Maryland, Ohio and Oregon have expressed interest. Also, many jurisdictions, including Virginia, are participating within our Association (AAMVA) to develop a uniform documents list for all jurisdictions to use. This effort should eventually ensure more uniform training on fraudulent document recognition and lessen our problems of keeping our training current. Additionally, the more states using uniform identification documents, the easier it will be to detect fraudulent documents.

I hope that I have been of assistance to you and your subcommittee deliberations.

With kindest regards.

Sincerely,

Richard D. Holcomb

RDH:wlc

Enclosure

ALIEN REGISTRATION CARDS- I-551

Original I-551 - White Card or ADIT Card

1. Phased in and introduced in January 1977.

2. Fine salmon colored lines cover entire front - except in 3 places:

   * fingerprint box, including 2 circular registration targets in upper left and lower right corners.
   * within I&NS insignia
   * within blue strip which reads "U.S. Department of Justice - Immigration and Naturalization Service".

3. Reverse - double lines for eastern and northern border of U.S. & triple lines for western and southern border of U.S.

4. The photo-substituted I-551 cards rarely have the wavy salmon lines in the photo.

5. Frequently the data must be altered to match the new photo - look for consistent background on all data fields.

6. There is a loss of detail of all counterfeit cards - primarily in the eagle's feathers and the I&NS insignia.

7. The Soundex Code is on the reverse of this card, third line down, fourth item from the left. The first 2 numbers of the Soundex Code represent the 1st letter of the individual's last name. For example, "A" = 01, "J" = 10, "P" = 16. Therefore, the first 2 numbers should never be higher than 26. None of the last three digits can ever be higher than 6.

Revised and Modified I-551

1. In the Fall of 1989, the Alien Registration Card, Form I-551, was revised. This version has a blocked off photo, and salmon lines as background print behind fingerprint.

2. In late January 1992, modifications were made to the I-551. However, both versions of the I-551 were issued in January 1992.

3. The most noticeable change is that the printing behind the fingerprint has been removed.

4. The salmon colored screen on the front is comprised of a two-line grid. This is reduced to a one-line grid on an oval area that overlays the picture. This allows the facial features to be seen more clearly.

5. The printing on the front of the card uses a "DTR" process that results in a 3-D appearance. The black text, blue insignia, and salmon lines appear to overlap. If the text is altered, the result should be noticeable.

6. When held at an angle, a blue optical variable ink printing INSIDE the laminate can be seen. When held at an angle to a light source, "I-551" becomes visible.

7. Under UV light, the letters "USA" in green appear across the front.

8. The reverse of the card is multi-colored with data lines. Under UV light, the letters "INS" in red appear.

9. The edges of the I-551 are crimped.

INTRODUCTION

This guide was designed to support and to be used in conjunction with the Fraudulent Document Detection course outline. The information you will need to complete each part of this guide will come from the instructor, video and slide presentations. Once this guide is complete, it will serve as a reference guide for you in your branch office.

Module I

Part I Introduction

PURPOSE

Develop skills necessary to detect fraudulent documents and take appropriate action to ensure that motor vehicle laws are affectively administered.

GOALS

Elevate employee awareness about fraudulent documents and procedures which result in:

- the prevention of applicants obtaining fraudulent driver's licenses or photo ID cards
- minimizing illegal or criminal activities
- maximizing public safety

OBJECTIVES

- Employee role - To recognize your role in preventing the issuance of fraudulent driver's licenses and photo ID cards.
- Fraudulent detection techniques - To enhance customer and document observation skills.
- Administrative procedures - To be aware of procedures in the event fraudulent documents are detected.

TECHNIQUES FOR PROJECTING AN EFFICIENT IMAGE

- **Greet the customer pleasantly, listen attentively....express interest and understanding.**

- **Organize your work station so that resource aids are readily accessible.**

- **Be familiar with the contents of the Driver Licensing and Vehicle procedure manuals.**

- **Provide the customer with an explanation when it is necessary to leave your work station to complete a transaction.**

- **Terminate your transactions courteously.**

- **Familiarize yourself with CSS features. Practice, to reinforce skills necessary to use the equipment efficiently.**

STRIVE TO PROJECT A POSITIVE HELPFUL ATTITUDE. REMEMBER, YOU REPRESENT DMV AND THE COMMONWEALTH OF VIRGINIA.

MY CUSTOMER RELATIONS SKILLS

Read the following list of communication behaviors and indicate, in the space provided, the appropriate letter which applies to you.

A - always, F - frequently, O - occasionally, S - seldom, N - never

****

Behavior

1 *Use the customer's name*
*2 *Use complicated jargon*
3 *Speak in an even, relaxed tone of voice*
4 *Personal contact*
5 *Listen attentively*
6 *Talk slowly and clearly*
7 *Answer customer questions courteously*
8 *Speak with confidence and assurance*
*9 *Yawn/chew gum while waiting on customers*
*10 *Eat while dealing with customers*
11 *Give accurate information*
12 *Say "I don't know" if I don't*
*13 *Express negative feelings about work*
14 *Smile and generate a positive attitude*
15 *Explain forms with patience*
16 *Clarify policies or procedures*
*17 *Express feelings of anger or impatience with customers of other cultures*

REVIEW POSITIVE CUSTOMER SERVICE BEHAVIORS

- *Smile--use a direct approach.*
- *When necessary explain what you are doing and what the outcome will be.*
- *Handle complaints with concern. Positively affirm customer's needs.*
- *Respond positively to each customer's request.*

Part II License Identification & Fraud

Module II

1. **The driver's license has become known as:**
   "the" universal form of identification

Module III

2. **Four reasons for license fraud:**

   1. underage teens
   2. criminal reasons
   3. habitual offenders
   4. frequently ticketed drivers

3. **The cost of license fraud includes:** - get suggestions from class

   1. welfare fraud
   2. consumer fraud
   3. highway safety
   4. illegal immigration

4. **DMV's role in preventing fraud:**

   1. identify document sources
   2. train employees
   3. address issues legislatively

5. **Laws relating to Fraudulent Documents:**

   Code of Virginia - Motor Vehicle Code

   Section 18.2-204.1

   Section 18.2-204.2

   Section 46.2-105.1

   Section 46.2-105.2

Section 46.2-317

Section 46.2-318

Section 46.2-319

Section 46.2-346

Section 46.2-347

Module IV

6. **Three methods commonly used to obtain fraudulent licenses are:**

1. presenting fake documents
2. presenting altered bona fide documents
3. presenting bona fide documents

   -- borrowed
   -- bought
   -- stolen

7. **The most frequently encountered fraudulent documents:**

1. Birth Certificates
2. Social Security cards
3. Passports and VISAs
4. State Driver's Licenses
5. INS cards
6. Photo ID cards

8. **A driver's license like a birth certificate is also known as a:**

breeder document

9. **Name 3 documents that can be obtained by using the driver's license as a breeder document:**

1. Bank accounts
2. Credit cards
3. Library cards

Voter Registration cards
Food Stamps -- Welfare Benefits
Firearms Permits
U.S. Passports

10. **The purpose of the FACFI, Federal Advisory Committee on False Identification is:** investigate the nature and scope of criminal use of false identification.

11. **FACFI concluded that the two documents most frequently used by criminals to establish a false identity are:**

    1. Birth Certificate
    2. Drivers License

12. **The five areas of activity false documents are commonly used in are:**

    1. drug smuggling
    2. gunrunning
    3. illegal immigration
    4. welfare fraud
    5. consumer fraud

13. **By preventing license fraud you can:** ask participants for suggestions

decrease costs of fraud

ADDITIONAL NOTES:

Part III Documents Used for Identification Purposes

Use information to correspond with slide presentation

Birth Certificates

1. **Bona fide birth certificates can only be issued by:**

   1. hospital
   2. county/state health dept.
   3. Bureau of Vital Statistics
   4. Bureau of Vital Records

2. **Birth certificates are not issued by the:**

   Bureau of Identification

3. **The printing on the birth certificate document should be:**

   1. professional
   2. lines of letters should be even
   3. all letters should be same typeface, perfectly formed and spaced
   4. spelling should be correct

4. Lines forming boxes or borders should be:
   straight, unbroken, clean and uniform in thickness

5. All information on birth certificates issued by institutions will be: pre-printed

6. On birth certificates, the name of the state will be pre-printed in all places calling for the state name. This is also true for the name and location of the originating bureau.

7. All of the letters on the document should be printed in the same typeface.

8. The form should bear an impression seal that is:
   1. well-made
   2. appropriate to the agency of origination
   3. round
   4. embossed

9. The appropriate impression seal is the official seal of issuing agency _____.

10. Notary publics can/cannot validate a birth certificate (circle one).

11. Notary publics can only:
witness signature

12. The information on the seal must match the information on the document. Three aspects of the document to check are:

1. agency named match document and seal
2. county and state match
3. registration information match

13. Since 1949 state issued birth certificates have the state's code number and the year of birth in the: certification #

BIRTH NUMBER AREA CODE

Alabama	101	New York	131
Arizona	102	North Carolina	132
Arkansas	103	North Dakota	133
California	104	Ohio	134
Colorado	105	Oklahoma	135
Connecticut	106	Oregon	136
Delaware	107	Pennsylvania	137
District of Columbia	108	Rhode Island	138
Florida	109	South Carolina	139
Georgia	110	South Dakota	140
Idaho	111	Tennessee	141
Illinois	112	Texas	142
Indiana	113	Utah	143
Iowa	114	Vermont	144
Kansas	115	Virginia	145
Kentucky	116	Washington	146
Louisiana	117	West Virginia	147
Maine	118	Wisconsin	148
Maryland	119	Wyoming	149
Massachusetts	120	Alaska	150
Michigan	121	Hawaii	151
Minnesota	122	Puerto Rico	152
Mississippi	123	Virgin Islands	153
Missouri	124	Baltimore	154*
Montana	125	Boston	155*
Nebraska	126	New York City	156
Nevada	127	New Orleans	157*
New Hampshire	128	INS, Dept. of Justice	158
New Jersey	129	Passport Office, Dept. of State	159
New Mexico	130	Guam	160

*Boston never used #155 in its numbering.
Baltimore and New Orleans are now numbered with their respective states; however, some records bearing the city numbers are still valid.

DESIGN OF THE FULL BIRTH NUMBER

000	-	00	-	000000
AREA CODE		YEAR OF BIRTH		SERIAL REGISTRATION NUMBER

BIRTH NUMBER AREA CODE

1. Birth Certificates issued by New York City are identified by the issuing Boroughs by the first digit of the Serial Registration Number as follows:

Borough	Identifier
Manhattan	1
Bronx	2
Brooklyn	3
Queens	4
Staten Island	5

2. The State of Louisiana until approximately 1981 was issuing Birth Certificates that had one of two Birth Area Code Numbers. A Birth Certificate that was issued throughout the State, with the exception of Orleans parish, would carry the Area Code Number of 117. For Orleans parish, the Area Code Number would be 157. Since approximately 1979 all Louisiana Birth Certificates have been issued with the Area Code number of 119.

3. An attempt was also made to determine why the State of Massachusetts and the City of Boston had separate Birth Area Code Numbers. The information received from the Registrar was that their system was a complex system, having no knowledge of Birth Area Code Numbers.

PUERTO RICO DISTRICT NUMBERS

INFORMATION: Puerto Rican birth certificates may show old and new District numbers. These numbers appear at the center of the revenue stamp, at the bottom right-hand corner of the document.

District	ZIP	Old District#	New District #
Adjuntas	00601	1	0004
Castaner	00637	01	0169
Aguada	00602	2	0008
Aguadilla	00503 *	3	0012
Aguas Buenas	00607	4	0016
Aibonito	00609	5	0020
Anasco	00610	6	0024
Arecibo	00612	7	0028
Arroyo	00615	8	0032
Barceloneta	00617	9	0036
Barranquitas	00618	10	0040
Bayamon	00619	11	0044
Cabo Rojo	00623	12	0042
Caguas*	00625	13	0052
Caguas Sur**	00625	113	0053
Camuy	00627	14	0056
Canovanas	00672	43	0060
Carolina	00630	15	0064
Catano	00632	16	0068
Cayey	00633	17	0072
Ceiba	00635	18	0076
Ceiba Sur	00635	118	0077
Ciales	00638	19	0080
Cidra	00639	20	0084
Coamo	00640	21	0088
Comerio	00641	22	0092
Corozal	00643	23	0096
Culebra	00645	24	0100
Dorado	00646	25	0104
Fajardo	00646	26	0108
Fajardo Sur	00646	126	0109
Florida	00650	28	0112
Guanica	00653	27	0116
Guayama	00654	28	0120
Guayanilla	00656	29	0124
Guaynabo	00657	30	0128
Gurabo	00658	31	0132
Hatillo	00659	32	0136
Hormigueros	00660	33	0140
Humacao	00661	34	0144
Isabela	00662	35	0148

* Birth Certificates after 1974
** Birth Certificates after 1974

PUERTO RICO DISTRICT NUMBERS

District	ZIP	Old District#	New District #
Jayuya	00664	36	0152
Juana Diaz	00665	37	0156
Juncos	00666	38	0160
Lajas	00667	39	0164
Lares	00669	40	0168
Castaner	00669	140	0169
Las Marias	00670	41	0172
Las Piedras	00671	42	0176
Loiza	00672	79	0180
Luquillo	00673	44	0184
Manati	00701	45	0188
Maricao	00706	46	0192
Maunabo	00707	47	0196
Mayaguez	00708	48	0200
Mayaguez Sub	00708	148	0201
Moca	00716	49	0204
Morovis	00717	50	0208
Naguabo	00718	51	0212
Naranjito	00719	52	0216
Orocovis	00720	53	0220
Patillas	00723	54	0224
Penuelas	00724	55	0228
Ponce	00731	56	0232
Ponce Sub	00731	156	0233
Quebradillas	00742	57	0236
Rincon	00743	58	0240
Rio Grande	00745	59	0244
Rio Piedras	00925	60	0272
Rio Piedras B	00925	160	0273
Rio Piedras M	00925	260	0274
Sabana Grande	00747	61	0248
Salinas	00751	62	0252
San German	00753	63	0256
San Juan	00901	64	0260
Santurce		164	
San Lorenzo	00754	65	0276
San Sebastian	00755	66	0280
Santa Isabel	00757	67	0284
Toa Alta	00758	68	0288
Toa Baja	00759	69	0292
Trujillo Alto	00760	70	0296
Utuado	00761	71	0300
Vega Alta	00762	72	0304
Vega Baja	00763	73	0308
Vieques	00765	74	0312
Villalba	00766	75	0316
Yabucoa	00767	76	0320
Yauco	00768	77	0324

Social Security Cards

1. As a result of the 1986 federal tax reforms, every child five or older must have a social number to be claimed as a dependent on income tax returns.
   * as of 1991

2. The social security number is coded, currently numbers begin with a number 0 to 7.

3. The 700 series Social Security cards were only issued to people covered by the Railroad retirement plan. The government stopped issuing these numbers in 1963.

4. The first five numbers on a Social Security Card tell a story. The first 3 digits show where the card was issued. This is known as the area code. The next two digits tell when the card was issued. These digits indicate a code for the issuing date.

FRAUDULENT DOCUMENT STUDENT GUIDE

5. When checking the 2 middle digits on the Social Security Card you need to make certain the digits are within the range assigned to that area code.

6. At one time the Social Security Administration was part of the Department of Health. Education and Welfare.

7. Social Security Cards will have the numbers printed in either red or black ink or typed in.

8. Cards issued when Social Security was part of Health, Education and Welfare do/do not (circle one) always have the printed seal as part of the arch.

9. On all Social Security Cards the words will be engraved, not typed.

92-729 O - 95 - 6

10. The words "SOCIAL SECURITY" will always appear in the arch. They will always be engraved, not typed.

11. The words "SOCIAL SECURITY" will always be in a(n) arc following the curve established by the bottom line of the arch between the columns.

12. The words "SOCIAL SECURITY" will always be perfectly centered between the border lines.

13. The two columns will always be perfect mirror images of each other. This includes the leafing at the top and the fluting along the columns.

14. The ink will not run or bleed.

15. All lines forming the border and columns will be perfectly straight and unbroken.

16. All letters will be perfectly formed and spaced.

Note: On cards depicting the base of the columns and the floor they rest on, pay particular attention to the vertical lines delineating the floor. These fine lines do not bleed into each other. They are of equal width and equally spaced. This is not easily duplicated by counterfeiters.

17. Older cards are perforated at the top and bottom.

18. The newer Social Security cards have perforated edges on 3 sides; the top, bottom, and left side.

Note: Remember some people cut off the perforation to make their card fit their wallet.

Obvious Visual Security Features

A. Marbelized Blue tint with a random pattern. This is an eraseable tint which will show any attempts of fraudulent alteration.

B. Multicolor Planchettes
There are three (3) colors of planchettes that are a part of the paper and were put in the paper at the time the paper was produced. The colors are Yellow, Pink and Blue. Please note that there will be varying shades of these colors (some lighter and some darker) as the planchettes are apart of the paper and not merely resting on the surface of the paper.

C. Intaglio Printing
The Intaglio printing provides a tactile field, notice the abrasiveness just by rubbing your finger over the engraved areas.

D. Perforations
All perforations are eight (8) to an inch. Verification after bursting can be made by counting the number of tips at any perforated area.

E. HHS Seal
A screened seal, screened 80% so as to print 20%.

Not So Obvious Security Features

A. Microline
The steel engraved microline appears above the word "Signature". This is a repetition in caps of the words "Social Security Administration".

B. HHS Seal
The HHS Seal is printed in fluorescent ink which fluoresces a "hot Orange", shard - but not always!

C. New Planchette fluoresces Blue.

D. Sequential Control Numbers
These numbers appear on the reverse. They are in combinations of alpha and numeric and have no correlation to the actual Social Security number. However, the computer records generated by SSA should have a correlation between the control number and issued number and name.

APPENDIX A

SOCIAL SECURITY NUMBER ALLOCATIONS

The first 3 digits of an SSN indicate the State or geographic area in which the number was issue The remaining 6 digits have no geographical significance. E ore 1973, SNs ere assigned by SSA district offices, and a person's SSN did not tablish that he/she was a resident of the State to which the firs 3 digits were assigned. It merely established that the card was issued by an SSA office in that State. The SSA now issues SSNs from its Headquarters in Baltimore, Maryland. The first 3 digits of a person's SSN are determined by the ZIP Code of the mailing address shown on the application for an SSN.

The chart below shows the first 3 digits of the SSNs assigned throughout the United States and its possessions.

001-003...New Hampshire

004-007...Maine

008-009...Vermont

010-034...Massachusetts

035-039...Rhode Island

040-049...Connecticut

050-134...New York

135-158...New Jersey

159-211...Pennsylvania

212-220...Maryland

221-222...Delaware

223-231...Virginia

232-236...West Virginia

318-361...Illinois

362-386...Michigan

387-399...Wisconsin

400-407...Kentucky

408-415...Tennessee

416-424...Alabama

425-428;
587-588...Mississippi

429-432...Arkansas

433-439...Louisiana

440-448...Oklahoma

449-467;
627-645...Texas

468-477...Minnesota

478-485...Iowa

518-519...Idaho

520.....Wyoming

521-524...Colorado

525; 585;
648-649...New Mexico

526-527;
600-601...Arizona

528-529;
646-647...Utah

530.....Nevada

531-539...Washington

540-544...Oregon

545-573;
602-626...California

574.....Alaska

575-576...Hawaii

577-579...District of Columbia

222; 237-246	North Carolina	486-500	Missouri	580	Virgin Islands
247-251	South Carolina	501-502	North Dakota	580-584; 596-599	Puerto Rico
252-260	Georgia	503-504	South Dakota	586	Guam
261-267; 589-595	Florida	505-508	Nebraska	586	American Samoa
268-302	Ohio	509-515	Kansas	586	Philippine Islands
303-317	Indiana	516-517	Montana	* 700-726	Railroad Retirememt Board

* 700-728 - Areas reserved for railroad employees. New number issuance in 700 series discontinued July 1, 1963.

NOTE: The same area, when shown more than once, means that certain numbers have been transferred from one State to another, or that an area has been divided for use among certain geographic locations.

The table which follows shows the geographic and chronological distribution of SSNs.

- The first column on the left represents the first three digits of the SSN.
- The second column from the left represents the State in which the SSN was issued.
- The numbers on the top line of each page reflect the year in which the SSN was issued. For example "51" means 1951.
- Numbers in the table below the top line of each page show the highest group number (the fourth and fifth digits of the SSN) issued in the year for the area reflected in the first two columns on the left. For example, the highest group number issued for area 001 (New Hampshire) in 1951 was 26.

YEAR OF ISSUE →

AREA	ST	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
001	NH	26	26	28	28	28	30	32	32	32	32	34	36	36	38	40	42	42	44	46	46	48	48	54	56	56	58	60	60	62	62	64	64	66	68	70	70	74	76		
002	NH	26	26	26	28	28	30	30	30	32	32	34	34	38	38	40	40	42	44	44	46	46	48	52	54	56	58	60	60	60	62	64	64	66	68	68	70	72	76		
003	NH	24	26	26	26	28	28	30	30	32	32	32	34	38	38	38	40	42	42	44	46	46	48	52	54	56	58	58	58	60	62	62	64	64	66	68	70	72	76		
004	ME	32	34	36	36	38	40	40	40	42	42	44	46	50	50	50	52	54	56	56	58	60	62	66	68	70	72	72	74	74	76	76	78	80	82	82	84	86	88		
005	ME	32	34	34	36	38	40	40	40	42	42	44	44	48	48	50	52	54	54	56	58	60	62	64	66	68	70	72	72	74	76	76	78	78	80	82	82	84	86		
006	ME	32	34	34	34	36	38	40	40	40	42	44	44	48	48	50	52	54	54	56	58	60	62	64	66	68	70	72	72	74	74	76	76	78	80	82	82	84	86		
007	ME	32	32	34	34	36	38	38	40	40	42	42	44	46	48	50	50	52	54	56	58	58	60	64	66	68	70	70	72	74	74	76	76	78	80	80	82	84	86		
008	VT	24	24	26	26	28	28	28	30	30	32	32	34	36	36	38	40	40	42	42	44	46	46	54	54	58	60	60	60	60	60	62	62	64	66	66	68	70	72		
009	VT	22	24	24	24	26	28	28	28	30	30	32	32	34	36	38	38	40	40	42	44	46	46	52	54	56	58	58	58	58	60	60	62	62	64	66	66	68	70		
010	MA	28	28	28	30	30	30	32	32	32	34	34	36	38	38	40	42	42	44	46	46	48	48	50	52	54	54	58	58	60	60	62	62	64	66	66	68	68	70		
011	MA	26	28	28	30	30	30	32	32	32	34	34	36	38	38	40	42	42	44	46	46	48	48	50	52	54	54	58	58	60	60	62	62	64	66	66	68	68	70		
012	MA	26	28	28	28	28	30	32	32	32	34	34	36	38	38	40	42	42	44	46	46	48	48	50	52	54	54	58	58	60	60	62	62	64	64	66	66	68	70		
013	MA	28	28	28	28	30	30	32	32	32	34	34	36	38	38	40	42	42	44	44	46	48	48	50	52	54	54	58	58	60	60	62	62	64	64	66	66	68	70		
014	MA	26	28	28	28	30	30	32	32	32	34	34	36	38	38	40	42	42	44	46	46	48	48	50	52	54	54	56	58	60	60	62	62	64	64	66	66	68	70		
015	MA	26	28	28	28	30	30	30	32	32	34	34	34	38	38	40	42	42	44	44	46	48	48	50	52	54	54	56	58	60	60	62	62	64	64	66	66	68	70		
016	MA	28	28	28	28	30	30	30	32	32	32	34	34	38	38	40	42	42	44	46	46	48	48	50	52	54	54	56	58	60	60	62	62	64	64	66	66	68	70		
017	MA	26	28	28	28	30	30	30	32	32	32	34	36	38	38	40	40	42	44	44	46	48	48	50	52	54	54	56	58	60	60	62	62	64	64	66	66	68	70		
018	MA	26	28	28	28	30	30	30	32	32	32	34	34	36	38	40	40	42	44	44	46	48	48	50	52	54	54	56	58	60	60	62	62	64	64	66	66	68	70		
019	MA	26	28	28	28	30	30	30	32	32	32	34	34	38	38	40	40	42	44	44	46	48	48	50	52	54	54	56	58	58	60	62	62	64	64	66	66	68	70		
020	MA	26	28	28	28	30	30	30	32	32	32	34	34	36	38	40	40	42	44	44	46	48	48	50	52	52	54	56	58	58	60	62	62	64	64	66	66	68	70		
021	MA	26	28	28	28	30	30	30	32	32	32	34	34	36	38	40	40	42	44	44	46	48	48	50	52	52	54	56	58	58	60	62	62	64	64	66	66	68	70		
022	MA	26	26	28	28	30	30	30	30	32	32	34	34	38	38	40	40	42	44	44	46	48	48	50	52	52	54	56	58	58	60	62	62	64	64	66	66	68	70		
023	MA	26	26	28	28	28	30	30	30	32	32	34	34	36	38	40	40	42	42	44	46	48	48	50	52	52	54	56	58	58	60	60	62	62	64	64	66	68	70		
024	MA	26	26	28	28	28	30	30	30	32	32	34	34	36	38	38	40	42	42	44	46	48	48	50	52	52	54	56	58	58	60	60	62	62	64	64	66	68	70		
025	MA	26	26	28	28	28	30	30	30	32	32	34	34	36	38	38	40	42	42	44	46	48	48	50	52	52	54	56	58	58	60	60	62	62	64	64	66	68	70		
026	MA	26	26	28	28	28	30	30	30	32	32	34	34	36	38	38	40	42	42	44	46	46	48	50	52	52	54	56	58	58	60	60	62	62	64	64	66	68	70		
027	MA	26	26	28	28	28	30	30	30	32	32	32	34	36	38	38	40	42	42	44	46	46	48	50	52	52	54	56	58	58	60	60	62	62	64	64	66	68	70		
028	MA	26	26	28	28	28	30	30	30	32	32	32	34	36	38	38	40	40	42	44	46	46	48	50	52	52	54	56	58	58	60	60	62	62	64	64	66	68	68		
029	MA	26	26	28	28	28	30	30	30	32	32	32	34	36	38	38	40	42	42	44	46	48	48	50	50	52	54	56	56	58	60	60	62	62	64	64	66	68	68		
030	MA	26	26	28	28	28	30	30	30	32	32	32	34	36	38	38	40	42	42	44	46	46	48	50	50	52	54	56	56	58	60	60	62	62	64	64	66	66	68		

FRAUDULENT DOCUMENT STUDENT GUIDE

Driver's Licenses

1. If a license is laminated, you can expect a top quality laminating job. There should be no ripples or bubbles in the plastic.

2. To make counterfeiting more difficult, some states have put a code in the lamination.

3. Most states use a Bates numbering machine to fill in license information.

4. A fake license may have information printed or typed.

5. Common license validation marks are:

   1. small state seals

   2. A camera number or signature which overlap both the data block and the photograph.

6. The laminant on the digitized licenses protects the Date of Birth from being altered.

7. The coating is transparent, but when viewed at different angles changes from orange to green.

8. The coating must be over the DOB. If it is not, an attempt to alter the license has been made.

9. If the color change does not take place, the license is fraudulent.

ADDITIONAL NOTES:

FRAUDULENT DOCUMENT STUDENT GUIDE

Passports

1. The seal on the passport is the Great Seal of the United States. It is the same seal found on the back of a $1 bill.

2. When inspecting the Great Seal, the lines should be clean and not blurred or indistinct.

3. When inspecting the seal an important number to remember is 13.

4. There are 13 stars above the eagle's head. The stars are clustered in the shape of a star.

5. The shield on the eagle's breast has 7 light and 6 dark stripes.

6. At the right side of the seal in the left claw he holds 13 arrows.

7. At the left side of the seal in the right claw, he holds an olive branch with 13 leaves.

Note: To remember which side of the seal the olive branch should be on, you can associate the "L" in leaves with the "L" in left.

8. The total number of feathers in the tail is 9.

9. The Great Seal is also found on two other documents:

1. INS

2. Military Services

VISAS

1. Visas are printed in the same different ink color.

2. The information on a visa will will not be distinct and readable.

ADDITIONAL NOTES:

IMMIGRATION & NATURALIZATION SERVICES DOCUMENTS

CERTIFICATE OF NATURALIZATION I-550

1. The document paper is excellent quality.

2. It will distinctly show erasures.

3. The Great Seal will be gold and centered.

4. The border lines should be straight.

5. The pattern should be clean and not bleed.

6. There are 2 Great Seals on this document.

7. There should be a photograph securely and permanently affixed to the document and an impression seal covering its lower edge.

8. Under BLACK light, the DOJ seal and USA will be apparent.

9. Under UV light, you can see assorted paper fibers existing in a random pattern.

ADDITIONAL NOTES:

FRAUDULENT DOCUMENT STUDENT GUIDE

DEPARTURE RECORD I-94 - retained in passport till departure

1. **This is a** 2 **part document.**

   THE FIRST PART STAYS WITH INS--PLEASE SEE ATTACHED INFORMATION

2. **The** 2nd **part includes:**

   FRONT:

   1. departure #
   2. name
   3. country of citizenship
   4. DOB

3. REVERSE

   1. Port
   2. Date
   3. Carrier
   4. Flight #/Ship Name

4. An individual possessing this document is authorized to stay in the U.S. only until date specified on the document.

5. This permit must be surrendered upon leaving the U. S.

ADDITIONAL NOTES:

FRAUDULENT DOCUMENT STUDENT GUIDE

TEMPORARY RESIDENT CARD I-688

1. The front of the card contains a(n) A number.

2. There should be 3 or 4 letters appearing partially on the photo and partially on the data block.

3. The number 245A or 210 should appear between the photo and the fingerprint.

4. Spelling on the card should be perfect.

5. The gold DOJ seal is part of the lamination.

6. The reverse is a green outline of the U. S.

7. There should/should not be a space in the outline.

FRAUDULENT DOCUMENT STUDENT GUIDE

EMPLOYMENT AUTHORIZATION

1. The I-688A is still [redacted] being issued.
   PLEASE SEE ATTACHED INFORMATION

2. On the reverse side of the I-688A is a red outline of the U. S. with one (1) space(s) in the outline.

3. The I-688A has NOT been replaced with the I-688B.
   PLEASE SEE ATTACHED INFORMATION

4. There is an alter resistant pattern on the front of the card covering the photograph.

5. This card also contains a(n) A number.

6. The 2 new pieces of information found on the card are:

   1. Provision of Law

   2. Terms and Conditions

7. The fingerprint is faintly boxed off.

8. There are 4 or 3 letters found partially in the photo block and partially in the data block.

9. On the reverse side. Alaska and Hawaii were added.

10. Ultra-violet light will cause a pattern of U.S. to be seen.

U. S. CITIZEN ID CARD I-197

1. This card was last issued in April 1983.

2. Security features on this card parallel the I-151 Green Card.

FRAUDULENT DOCUMENT STUDENT GUIDE

ALIEN REGISTRATION CARDS

1. The I-151 has 16 different versions.

2. The most frequently counterfeited I- 151 is the 7-1-72 revision.

3. Around the outside of the border is a fine line that is open in the lower left corner.

4. The space between day and year is larger then month and day.

5. On the reverse side, the 3rd i in the word immigration on the 4th line should/should not be dotted.

Note: There is a fine filigree design in the border which is very difficult to counterfeit.

6. The I-551 is replacing the I-197 and I-151.

7. The fine salmon colored lines cover the entire front of the I-551 except in these 3 areas:

   1. fingerprint box
   2. within the DOJ seal
   3. within blue strip - "U.S. Dept. of Justice Immig. and Nat. Services"

8. The salmon lines are darker and thicker as they pass through Resident Alien.

   Note: Pay close attention to the eagle's feathers in the seal. They should be very distinct. Counterfeits are usually blurred.

9. On the reverse side, the borders of the U. S. from the southern tip of Florida, north forming the east coast and west forming the northern border are double lines.

FRAUDULENT DOCUMENT STUDENT GUIDE

10. Lines then become triple continuing south and east back to Florida forming the western and southern border.

11. Any I-551 issued after February 19 92 has been slightly modified.

12. There is a white box to highlight the fingerprint and the background for the photo has been eliminated.

13. Holding the card at an angle in normal light will expose I-551 running diagonally on the card.

14. The reverse side of the modified I-551 is multi-colored.

15. The issue code is found on the 1st line on the reverse side of the I-551.

Appendix 4.—Responses of Marshall Rickert, Motor Vehicle Administrator, Maryland Motor Vehicle Administration, to Additional Questions Submitted by Chairman Smith

AMERICAN ASSOCIATION OF MOTOR VEHICLE ADMINISTRATORS

AAMVA

JOHN H. STRANDQUIST, CAE
President & CEO

W. MARSHALL RICKERT, Chairman of the Board
Administrator, Motor Vehicle Administration
Maryland

March 24, 1995

The Honorable Lamar Smith, Chairman
Subcommittee on Immigration and Claims
2138 Rayburn House Office Building
Washington, DC 20515-6218

MAR 28 1995

Dear Congressman Smith:

Thank you for your inquiry regarding identification. This issue is a primary concern of AAMVA and we are developing a model identification program, highlights of which are outlined on the attached page, to assist states in reducing fraudulent applications by limiting the documents accepted at the time of application.

In your letter you refer to nationwide standards. If by nationwide standards for all state drivers licenses you are asking if the document itself should be standardized, our response is no, a uniform license would not assist in reducing fraud. The problem is not in the document itself, but in the information presented/accepted at the time of application. Driver licensing agencies must be able to verify documents presented to obtain a drivers license. AAMVA is recommending the social security number be used as a unique identifier and is pursuing electronic access to the Social Security Administration, Immigration and Naturalization Service and the Bureaus of Vital Statistics to allow driver licensing agencies to electronically verify the information being presented. Only by driver licensing organizations working with the agencies who issue "breeder" identification documents can the problems of counterfiet and fraud be effectively controlled.

Twenty-six states currently issue digitized image licenses and standards are being developed to allow electronic exchange of the digitized information, i.e. photo image and signature. A Fraudulent Identification Prevention Program (FIPP) is available to the licensing agencies to assist with training of front line examiners in detecting fraudlent documents. Both AAMVA and NHTSA worked to developed the FIPP training video and written training materials. The model identification program will also greatly assist in reducing fraudulent licenses.

Please feel free to contact me if I can provide additional information.

Sincerely,

W. Marshall Rickert
Chairman of the Board

WMR/sp
Enclosure

4200 Wilson Blvd, Suite 1100 • Arlington, VA 22203 • Telephone 703.522.4200 • FAX 703.522.1553

AAMVA
Model Identification Program Highlights

- Drivers license and identification card applicants are required to present one primary and one secondary document at the time of application. The primary document must contain the person's full name and must be verifiable. A list of acceptable documents has been developed.

- A unique identifier will be assigned to each drivers license/ID card holder to track person's throughout North America. AAMVA is recommending that the social security number be used as the unique identifier.

- The Fraudulent Identification Prevention Program was developed to assist jurisdictions in training front line examiners to detect fraudulent documents.

- Drivers license/ID card records should be electronically transferred from state to state when a person moves and makes application in the new state.

- A person will not be allowed to possess both a drivers license and an identification card at the same time.

- Electronic verification of "key" information should be completed for each transaction.

- A person must submit certain documents in order to change his/her name.

- Severe sanctions should be imposed against any person who misrepresents himself or who presents fraudulent documents in making application for a drivers license or ID card. AAMVA is making recommendations as to what the sanctions should be.

- Computer records should be established for ID card holders as well as drivers license holders.

- A driver should have only one license and one driver record.

- A state should not issue a drivers license or an ID card to a non-resident.

APPENDIX 5.—RESPONSES OF ROBERT CHARLES HILL, COMMISSIONER, U.S. COMMISSION ON IMMIGRATION REFORM, TO ADDITIONAL QUESTIONS SUBMITTED BY CHAIRMAN SMITH

U.S. COMMISSION ON IMMIGRATION REFORM
1825 Connecticut Avenue, N.W., Suite 511
Washington, DC 20009-5708
TEL (202) 673-5348 • FAX (202) 673-5354

April 3, 1995

APR 05 1995

BY HAND

The Honorable Lamar S. Smith
Chairman
House Subcommittee on Immigration and Claims
B-370B Rayburn House Office Building
Washington, D.C. 20515-6216

Dear Chairman Smith,

Thank you for your letter of March 7, 1995 transmitting additional questions following my appearance before the Subcommittee at its March 3rd oversight hearing on worksite enforcement of employer sanctions. Enclosed please find my responses.

Please let us know if the Commission can provide any additional information to assist you. We look forward to working with the Subcommittee to ensure that significant efforts are made to address the problems posed by the continued presence of large numbers of illegal migrants in the United States.

Sincerely,

Robert Charles Hill
Commissioner

Enclosure

1) The Commission reports that greatly increased funding of both INS and Labor Department investigations of employers is needed to make the work site verification system a success. Do you believe that the increases sought in the Administration's 1996 budget are adequate?

We have not formally discussed the Administration's 1996 budget request fully within the Commission, so I am unable to speak for my colleagues on any of the particulars. However, although I would expect individual Commissioners to disagree with certain details in the budget request, I would also expect that most, if not all, would conclude that the basic thrust of the budget regarding employer sanctions and labor standards enforcement is consistent with Commission recommendations. The Commission urged vigorous enforcement of employer sanctions, with staff and resources aimed at identifying, investigating and penalizing employers who knowingly hire unauthorized workers. In particular, we recommended targeting resources and investigations in industries that have a history of using illegal alien labor. The Administration's budget specifically provides for targeting of such industries and increasing reinspection of INS warning and fine cases.

It should be noted that the Commission did not recommend substantial new resources for employer sanctions enforcement at this time. We believe that a significant infusion of new funds will be appropriate only after a significantly improved work site verification system is in place. In this regard, it is essential that adequate resources be allocated to vigorous implementation of the Commission's recommended pilot programs. As I indicated in my testimony, the Commission fully expects to have meaningful results from the initial phases of pilot testing of the electronic verification system by early 1997 so that we can make an informed recommendation in our final Report to Congress on whether that system should be implemented nationwide.

By contrast, the Commission recommends an immediate increase in staff and resources for the enforcement of labor standards to complement employer sanctions enforcement. The President's budget proposes a substantial increase in this area. The Commission recommends this increase because in recent years the number of labor standards investigators had eroded, impeding the enforcement of labor standards, and simultaneously, the ability to decrease the incentives for unauthorized hires. These additional resources will continue to be needed once a better employment authorization verification system is in place because some unauthorized workers who are currently working in legitimate businesses may move into the underground economy, making improved enforcement of labor standards even more crucial in the effort to reduce illegal immigration.

2) The Commission states that dual enforcement of employer sanctions by INS and the Labor Department isn't working very well. Should one agency only be charged with investigating employers?

The Commission has carefully considered this issue, and as stated in the report, is concerned that current coordination efforts are insufficient. There have been reports regarding duplicated record keeping, inefficiency, and missed compliance opportunities, as well as a lack of coordination. A Memorandum of Understanding (MOU) between INS and the Labor Department—aimed at improving this situation—was implemented about one year prior to the issuance of our report. The Commission felt it was too early to make final judgments on the joint attempt to improve enforcement efforts and is monitoring implementation of the MOU. As an interim measure, the Commission urged the Attorney General and the Secretary of Labor to review the current division of responsibilities between the two agencies in the enforcement of employer sanctions and labor standards. Should the monitoring demonstrate that the joint efforts have not resulted in effective enforcement, it may indeed be necessary to designate a single agency to enforce employer sanctions.

The Commission will want to consider carefully the comparative advantages of the two agencies in coming to a recommendation as to which agency should have such responsibility if the coordinated approach fails. Each has strengths to bring to the process. INS has lead responsibility for the deterrence of illegal immigration, much of which is fueled by job opportunities. The Department of Labor already plays a significant role in regulating the labor practices of businesses. Yet, each agency also sees employer sanctions as being outside of its principal mission. Employer sanctions added a new challenge to the INS mission, requiring INS's investigations unit to change its mind set from a police unit conducting raids and apprehending illegal aliens to that of a regulatory agency with responsibility for modifying employer behavior and imposing fines on violators. This shift has not always been successful, particularly when investigators see apprehension and deportation of illegal aliens as their principal mission. Focus has varied by district from paperwork violations to substantive violations, and penalties have varied as well.

Labor Department investigators have complained that their required participation in enforcing the employer sanctions laws has impeded their ability to complete their own mission. Wage/Hour inspectors regularly assert their need to obtain the cooperation of illegal workers to ensure that employers respect labor standards laws, cooperation which they suggest is more difficult to gain when unauthorized workers know that Wage/Hour also is looking to deter unauthorized employment. We believe that the resulting institutional reluctance to enforce employer sanctions is a serious obstacle that must be resolved before the Labor Department can effectively assume solo responsibility in this area.

3) The Commission puts great emphasis on Labor Department investigations of employers' labor standards. How would this help with tracking down unauthorized workers?

The Commission believes the presence of illegal migrants in the United States is primarily caused by the employment magnet. Therefore, in order to decrease the number of unauthorized workers, we must eliminate the magnet. Many unauthorized workers are employed in the underground economy by businesses that violate minimum wage, overtime, and occupational health and safety laws, as well as employer sanctions. Further, illegal aliens are particularly vulnerable to exploitation because they have few avenues of redress. U.S. workers are unlikely to tolerate these conditions, and therefore, they are unlikely to apply for positions in these industries. Some of the so-called labor shortages that prompt employers to hire illegal aliens are not real shortages. U.S. workers would work in these jobs if adequate wages were offered and basic labor standards were met. If the labor standards laws are vigorously enforced, employers will have less of an inducement to hire unauthorized workers rather than authorized American workers. Moreover, with improved verification, more illegal aliens are likely to try to enter the underground economy, making enhanced enforcement of labor standards even more important as part of a comprehensive approach to reduce illegal immigration.

Appendix 6.—Responses of Maria Echaveste Administrator, Wage and Hour Division, U.S. Department of Labor, to Additional Questions Submitted by Chairman Smith

Q: The Administration's 1996 budget request includes an additional $11 million for Labor Department wage and hour investigators. How much of an increase over recent years' appropriations does this represent?

A: This request represents about a ten percent increase over recent years' appropriations. But because these additional resources will be deployed entirely in the seven highest immigration States—California, Texas, Florida, New York, New Jersey, Illinois, and Arizona—the additional resources will represent a 50 percent increase in currently available investigator resources in those States.

Q: In the INS Immigration Initiative for 1996, reference is made to "targeted deterrence zones" for purposes of Labor Department investigations. How many of these "zones" are there currently? What are the criteria for determining a zone? Will the number of zones increase in 1996? Why is increased work site enforcement limited to only these areas?

A: We are now working with our INS counterparts, both nationally and locally, to establish flexible criteria and use these to identify "targeted deterrence zones" to be implemented in fiscal year 1996. All of these zones will be in the seven highest immigration States—California, Texas, Florida, New York, New Jersey, Illinois, and Arizona—and we expect that the zones will correspond with local office jurisdictions where evidence and our experience indicates that there are concentrations of illegal migrants employed.

Increased work site enforcement will largely be limited to these zones—and generally to certain industries within these zones—because the additional requested resources will be assigned in these areas of greatest need. Illegal immigrant migration destinations and settlement patterns are quite uneven and fairly concentrated both by geographic area and industry. The "targeted deterrence zones" are intended to recognize this situation and concentrate enforcement resources and activity where they can have the greatest impact.

However, given the likelihood that the offices to which the new wage and hour investigators will be assigned probably have a somewhat broader area of jurisdiction, we retain some flexibility in using these resources to address changing patterns of migration and settlement.

Q: How has the Memorandum of Understanding with INS improved your communication and cooperation with that agency in enforcing employer sanctions? The Memorandum gives the Labor Department authority to issue warning notices to employers where they find violations, and forward these notices to INS. How many warnings has Labor issued?

A: The Memorandum of Understanding (MOU) between INS and Labor's Employment Standards Administration has helped improve cooperation and communication between the agencies through:

Joint training of the agencies' compliance staff regarding the requirements of the MOU;

Improved data sharing regarding overall compliance priorities and activities;

Better feedback from INS at the local level regarding its disposition of potential cases referred from Labor; and,

Interagency communications called for in the process of dealing with warning notices issued by the ESA agencies and referral of cases - involving potentially serious sanctions violations.

Through the MOU the agencies have made progress in improving cooperation and communication, but realize that improvements are still needed. We are working together under the President's initiative to achieve needed improvements.

Since fiscal year 1994 when the ESA agencies obtained authority to issue warning notices regarding employer I–9 violations (through the first quarter of fiscal year 1995), ESA agencies have issued 35 warning notices to employers.

Appendix 7.—Responses of Shirley S. Chater, Commissioner, Social Security Administration, U.S. Department of Health and Human Services, to Additional Questions Submitted by Chairman Smith

I am cognizant of the Social Security Administration's concern about the logistical challenge of issuing enhanced Social Security cards to 270 million current cardholders. Can the practices of state motor vehicle departments, which issue millions of driver's licenses each year, be of any practical assistance?

Rather than devote the substantial efforts and resources it would take to enhance and reissue the Social Security card to enable it to function as a means of identity in the employment eligibility verification process, it would seem preferable to continue to use State driver's licenses for this purpose. State driver's licenses are already commonly used as evidence of identity because, in addition to being reissued periodically, they generally contain a photograph or other means of ensuring that the person presenting the document is the person to whom it was issued.

If we were confronted with the task of issuing enhanced Social Security cards to current cardholders, we would certainly want to draw on the experience of State motor vehicle agencies in issuing driver's licenses.

Is the Social Security Administration now developing an online verifications system to test the feasibility of providing instantaneous verification of an employee's Social Security number?

In support of the President's immigration reform initiatives, we are in the early stages of developing a fully automated online verification system for employers. Our intent is to develop a system which can be thoroughly tested on a small scale, with a small number of employers, in early 1996.

In developing the system, we want to ensure that it will be accurate and easy for a wide range of employers to access and use. There are approximately 6.4 million employers in this country, some of whom employ thousands of people in multiple locations, but many of whom employ only a few. Although we want to facilitate use of the system, we must also build in safeguards against unauthorized access to the Social Security Administration's databases.

Since a system of this nature could generate as many as 50 million inquiries per year when fully implemented, we would consider the possibility of contracting for any expansion of this service after initial testing.

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Appendix 8.—Responses of James A. Puleo, Executive Associate Commissioner, Programs, Immigration and Naturalization Service, to Additional Questions Submitted by Chairman Smith

Question 1. In its 1996 budget, the Administration requests $51,200,000 in new funding for INS employer sanctions/worksite enforcement activity. How much of an increase is this over recent years' appropriations? Will these additional resources provide the INS with the manpower needed to fully and effectively enforce employers' obligation to verify employee work eligibility?

Answer: In the fiscal year 1995 Congressional budget, the Administration requested $38,399,000 for employer sanctions/worksite enforcement and verification activities in INS, the Office of Special Counsel for Immigration Related Unfair Employment Practices, and the U.S. Attorneys. Of this amount, $32,697,000 was requested for activities in three INS programs. The Congress appropriated $11,324,000, of which $6,324,000 was for INS programs and $5,000,000 was for activities of the Office of Special Counsel.

In the fiscal year 1996 Congressional budget, the Administration is requesting $93,040,000 for worksite enforcement and verification activities to be carried out by INS, the Civil Division, the U.S. Attorneys, and the Department of Labor (Wage and Hour Enforcement). Of this amount, $79,500,000 is for INS programs. This is an increase of $46,803,000 over the amount requested for INS in the 1995 budget. If the Administration's full request were approved by the Congress, it would be an increase of $73,176,000 over the 1995 appropriation.

The additional resources will begin to provide INS with the personnel and support needed to implement the type of worksite enforcement and verification program needed to be effective on a large scale. The request focuses on key areas of the country where enforcement efforts are most needed. The focus of the 1996 request proposes to expand efforts in the seven states with the largest number of illegal immigrants: California, Texas, Arizona, New Jersey, New York, Florida and Illinois. The Administration continues to examine the need for additional resources to support enhanced enforcement efforts in other areas of the country.

Question 2. A number of businesses have voiced concern that the INS has shifted emphasis from uprooting unauthorized workers to uncovering employers guilty of committing paperwork errors in filling out their I–9's. Has there been a shift in INS policy? If so, what is the rationale for this change?

Answer: There has been no shift in INS policy on enforcing the employer sanctions provisions of the Immigration Reform and Control Act of 1986. The statute makes it unlawful for an employer to hire unauthorized workers; requires the employer to verify the eligibility of all new employees; and prohibits discrimination against any individual on the basis of national origin or citizenship status. This legislation was intended to weaken the magnet of ready employment that enticed unauthorized workers to the United States. The INS has consistently enforced these provisions since their enactment by focusing on voluntary compliance by the nation's employers, and imposing penalties as warranted against employers shown to be in violation of the law.

Question 3. The U.S. Commission on Immigration Reform recommends that the INS give up on random investigations of businesses and devote its resources to investigating tips and industries with records of hiring illegal workers. What is the merit of this idea?

Answer: INS reduced the number of General Administrative Plan (GAP) inspections to 500 during fiscal year 1995 in order to make more of its investigative resources available for lead driven cases. This is the smallest number of random inspections that INS can perform and still be able to generate a statistically valid sample to provide information on the level of compliance among the Nation's employers. Although the complete elimination of random inspections could occur, the INS would lose an important management tool and would not be able to monitor the level of compliance.

Question 4: Do you currently have a sufficient amount of detention space available to detain illegal aliens apprehended as a result of stepped-up employer sanctions/worksite enforcement activity?

Answer: Additional resources are needed to increase INS's capacity to detain and remove illegal aliens apprehended as a result of employer sanctions enforcement. The INS fiscal year 1996 budget request includes $166.2 million for resources to increase detention and removal capacity. These funds will be used to establish special removal teams that will concentrate on the removal of those apprehended. Total

non-criminal alien removals in fiscal year 1996 are expected to more than double from 25,600 in fiscal year 1995 to 53,080 in fiscal year 1996.

Question 5. INS reports that its employer sanctions/worksite enforcement investigations handled an estimated 7,616 cases in 1994. Given that 300+ INS investigators are presently detailed to work site enforcement, is this a reasonable number for a year's effort? Does INS plan any initiatives to increase the productivity of individual investigators?

Answer: INS currently devotes 283 agent work years to employer sanctions enforcement (211 special agent work years, and 72 Border Patrol agent work years). The productivity achieved by these limited resources in 1994 is very good. INS is in the process of completing a review of its entire Employer Sanctions program. It is envisioned that this study will lead to greater productivity when its recommendations are fully implemented. Any additional productivity increases would come as a result of changes in the systematic policies and procedures regarding the enforcement of employer sanctions rather than initiatives directed at improving the productivity of individual employees. In addition, the evaluation of the employer sanctions pilot project that is being implemented in 1995 is likely to generate further recommendations that could potentially lead to increased productivity.

Question 6. What is the total number of Border Patrol, Investigations Division, and other INS investigators and support staff currently engaged in employer sanctions/worksite enforcement activity? To what level would the Administration's 1996 budget request increase the number of investigators, support staff, and work years?

Answer: The INS currently devotes 283 agent work years to employer sanctions enforcement (211 special agent work years, and 72 Border Patrol agent work years). By the end of fiscal year 1995, 46 new investigative positions will be devoted to employer sanctions. The Administration's fiscal year 1996 budget request would increase the number of investigative positions by 348 and the number of work years by 174. In addition, the request contains another 106 investigative positions and 53 work years that would be used in support of sanctions related document fraud.

An important aspect of the resource enhancements is the introduction of the Immigration Agent position, a lower graded officer position specifically designed to conduct routine, but critical, investigative activities. By adopting this more cost-effective approach, higher-graded Special Agents will be freed up to pursue more complex criminal investigations, and the mix will enable INS to address its responsibilities for enforcing employer sanctions in a more comprehensive and effective manner.

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